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Peru
Action Plan Fy 1989-1990

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Action Plan
FY 1989 - FY 1990

PERU

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USAID/PERU ACTION PLAN FY 1989 - 1990

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FY 1989-FY 1990 Peru Action Plan

I. Overview of Performance [1/]

A. Assessment of Progress and Anticipated Results

This past year has been of one of progress toward both quantitative targets and institution building goals. There have been some setbacks and progress was often less than had been hoped for, but the general environment for programs was good. The coming year will be one of both risks and opportunities, as the government faces a serious macroeconomic crisis. Basic macro-economic policies will have to be reconsidered, and this will present opportunities for favorable changes. However, the crisis may also bring austerity measures that are harmful to sectoral programs, budget cuts, and/or distractions from working to achieve longer run goals. Some of the most important aspects of the Mission's three goals and eleven objectives are summarized below.

Goal 2. Basic Structural Reforms Leading to Sustained Economic Growth

Objective 1, Increase Agricultural Production.

Performance Indicator

Increase rice, corn and potato production by 8 to 12 per cent per year, through increasing yields 3 to 4 percent per year and more favorable rural/urban terms of trade.

Accomplishments and Prospects

Agricultural output increased over 5% in 1987, and rice and potato production were up sharply, while corn production was unchanged. Yields improved, but not by as much as had been targeted. The reform of th research and extension system proceeded, with a new law allowing the GOP to pay adequate salaries to personnel. The new Agricultural Technology Transformation project was started. Prospects for the coming year are good.

The agricultural analysis and policy group made good progress in formulating sustainable policies to provide production incentives. While it had developed close and influential ties to the Minister of Agriculture, there were no policy breakthroughs. To date, the achievements are more ones of avoiding even poorer policies through the unit's work than getting greatly improved policies accepted. The agricultural terms of trade, while still favorable, moved unfavorably in the last half of the year, and are vulnerable to the impending economic crisis. The coming year will be a key one for agricultural policy, both the opportunities and the risks are great.

1/ This Action Plan has been prepared and submitted simultaneously with the USAID/Peru "CDSS Update FY 1988-FY 1990." The "Summary of Country Strategy" section has been omitted in this Action Plan. See the CDSS Update for a complete discussion of strategy.

Objective 2, Strengthen the Private Sector

Performance Indicator

Assist private sector business and analysis groups in becoming effective spokesmen for the private sector.

Accomplishments and Prospects

Relationships between the private sector and the government deteriorated badly in 1987, largely because of the bank nationalization controversy, but also from other arbitrary government measures. Despite this "chill in the relationship," private sector investment, as a percentage of GDP, rose from 7.1% in 1986 to 8.6% in 1987.

During 1987, the private sector strengthened itself institutionally. CONFIEP, the AID-supported confederation of businesses, became the major private sector spokesman and grew rapidly in membership (representing 90 percent of the formal private sector), as it enhanced its analysis capacity. The book on the informal sector, El Otro Sendero, by Hernando de Soto and the AID-supported Institute for Liberty and Democracy (ILD), was a widely influential bestseller. The contacts and influence of ILD increased as a result. CONFIEP and the Institute are now collaborating together in a formal "union."

Prospects are good for the coming year, but there are potential political dangers: both CONFIEP and ILD were outspoken opponents of bank nationalization, and the political environment for them could be a difficult one. High levels of inflation, foreign exchange shortages, tight government price and related controls, and other unfavorable factors may be aggravated in 1988, hindering private sector growth. However, improvement is also possible, and business is prepared to present its views and recommendations to the government for policy changes to help overcome the economic crisis foreseen for 1988.

Objective 5, Promote Exports

Performance Indicator

Establish new non-traditional agricultural exports, such as fresh green asparagus and frozen green beans.

Accomplishments and Prospects

After several years of preparation, fresh green asparagus was successfully established as an export, with $2 million exported in 1987. There has been good progress on both the production and export sides, and prospects are good if favorable policies for exports are continued. The GOP gives a high priority to non-traditional exports, in terms of both reducing bureaucratic obstacles to exports and keeping an adequate real exchange rate. Non-traditional exports increased 20% in 1987. If these policies can be maintained during a period of foreign exchange crisis, then prospects for the coming year are good. However, cuts in the FY 88 OYB force the USAID to postpone the planned new agricultural export promotion project, which hurts prospects for new agricultural exports.

Objective 5, Manage and Preserve Natural Resources

Performance Indicator

Carry out the natural forest management research and development project in the Central Selva. Establish officially the new national park and forest preserve near the project site and begin administration. Maintain and improve the reforestation program in the Sierra.

Accomplishments and Prospects

The natural forest management demonstration project is proceeding well, but it will be several years before its technical and economic feasibility for widespread adoption in the humid tropical forests can be established. The national park and forest reserve were established, and staffing has begun, but it is clear that important local groups intend to resist being kept from exploiting the resources in these preserves. The Tropical Soils CRSP has promising research under way on maintaining soil fertility for longer periods as a substitute for slash-and-burn techniques.

After a long wait, a new PVO sponsor has been found for the reforestation project in the sierra. The project has declined but not disappeared in the interim, and now the challenging work of restoring and improving the project begins. The threats to tropical forests and biological diversity in Peru are large, and the Mission's resources very limited. Even if all performance indicators are met, the overall situation may continue to deteriorate.

Goal 3. Wider Sharing of the Benefits of Growth

Objective 8, Increase Access to Voluntary Family Planning Services

Performance Indicators

Increase number of women receiving family planning services from AID supported programs by 7% in 1987.

Accomplishments and Prospects

Family planning progress was particularly good in the private sector, as the geographic zoning and cooperation of the agencies proceeded well; targets for increases in clients probably were exceeded. Although, progress lagged a bit in the public sector (particularly in the Ministry of Health), overall targets were met.

Prospects are much better for the coming year, since the Child Survival Action project is now starting and will support better family planning services in the Ministry of Health, while the Social Security Institute built up its program in 1987 and should do well in 1988. The long delayed contraceptive social marketing project has been reformulated, and will begin shortly. It is starting in a favorable environment, and hopes are high, but a year's experience will tell us what the prospects and problems are.

Obtaining sufficient funding to maintain projects at the level of activity required to achieve the performance target is a critical issue.

Objective 9, Improve Health and Health Services

Performance Indicator

Construct 300 water systems in small rural towns in each of 1987 and 1988.

Accomplishments and Prospects

While the target was not met in 1987 (with only 241 systems completed) that level of activity was better than in any previous year. The successful completion of feasibility studies and design work augurs well for future timely construction. This project has strong government support, as demonstrated by excellent financial commitment (GOP resource allocations were twice that originally programmed).

The prospects are excellent for meeting the target of 300 systems in 1988, if the project continues as it is now going.

Objective 10, Reduce Infant and Child Mortality

Performance Indicator

Increase immunization coverage in children under five years of age to at least 80% in 1987.

Accomplishments and Prospects

The new Child Survival Action project was obligated at the end of FY 1987, and initial implementation is now starting (all conditions precedent have yet to be satisfied). In 1987, there were only two one-day nationwide immunization campaigns instead of three, and coverage for DPT and polio, which require three doses, actually dropped slightly as a percent of the growing number of children. Now that the new project is becoming operational and there is agreement between and good commitment by the Ministry of Health and the Social Security Institute on implementing a full range of child survival activities, it is expected that the 80% immunization target will be met or exceeded in the coming year.

Sufficient funding to maintain and expand private sector child survival activities is a critical issue.

Objective 16, Alleviate Malnutrition

Performance Indicators

Reduce chronic malnutrion in children under five from 38% nationwide in 1984 to 34% in 1987.

Accomplishments and Prospects

Until the full nationwide nutrition surveillance system is in operation in 1990, accurate estimates on chronic malnutrition will not be available. Fragmentary data from the parts of the system now in operation did not indicate decreases in malnutrition from the 1984 level, despite increases

in domestic food production and food imports per capita, and favorable rural/urban terms of trade since 1984. Although food production is expected to increase again in 1988, the lack of foreign exchange for the economy may put pressure on food imports. The impending economic crisis may cause the rural/urban terms of trade to fall from their early 1987 high, and urban real incomes may fall. In addition, the large Ministry of Health mother/child program with over 600,000 beneficiaries must cut back and switch from Section 416 to Title II commodities in 1988 if it is to continue.

In sum, 1988 is not expected to be a good year for reducing malnutrition, although the crisis may force the GOP to review its food policies and make changes that over the next few years will be more effective in reducing malnutrition. As the nutritional surveillance system is installed, better information on nationalwide nutrition status will become available.

Obtaining Title II food for the MOH program and an additional Title I allocation or Section 416 allocation in FY 88 to generate the local currency needed in 1989 is a critical issue.

Goal 4. Strengthening Democratic Institutions

Objective 13, Increase Numbers and Improve Effectiveness of Participant Training

Performance Indicator

Begin training for 221 AID participants in 1987.

Accomplishments and Prospects

Instead of increasing by 80% in 1987 from the level of 1986 and 1985, new participants starts fell by 35% in 1987 to 78 starts. There were various problems and delays in sending participants under the LAC II program, and the new Andean Peace Scholarship program was not yet operational by the end of 1987. These problems and delays have been overcome (or will be shortly), and the target for new participants of 239 in 1988 is considered to be realizable.

ESF or additional EHR funds will be needed in FY 89 to implement the APSP at planned levels.

Objective 14, Strengthen Democratic Institutions - The Judicial System

Performance Indicators

Establish management information system for court administration. Develop coordinated planning system for administration of judicial reform.

Accomplishments and Prospects

1987 was the first full year of implementation of the judicial reform effort. Progress was not as rapid as hoped in designing the management information system and developing the planning system for justice reform. On

the other hand, training targets were greatly exceeded, and opening of legal information offices proceeded more rapidly than expected.

While progress has been uneven, the overall effort has been building momentum and gaining support, and prospects for implementation in 1988 are good. Completion of the sector assessment at the end of FY 88 should further assist the linking of discrete activities to an overall program of longer term goals for improvements.

ESF funds will be needed in FY 89 to continue the program.

Objective 15, Support Anti-narcotics Programs

Performance Indicator

Increase cultivation of legitimate crops and increase participation in community self-help activities in the Upper Huallaga valley project area. Increase awareness of drug problem in Peru.

Accomplishments and Prospects

Achieving the performance targets for the Upper Huallaga project depends on prior achievement of coca eradication targets. Despite strong efforts in 1987, Peruvian police were not able to control the area in the face of both drug producer and Sendero Luminoso or MRTA terrorist resistance, consequently in November 1987, the area was put under military control. The high level of violence hindered project operations. The GOP is persisting in the face of the challenge and preparing to increase its efforts. As part of the extension of the project, it will be redesigned to be more effective under the actual conditions faced in the Upper Huallaga. The drug awareness project made good progress in 1987 and is finding that the Peruvian public in concerned with the drug problem and wants strong action to be taken.

I.C. GOALS/OBJECTIVES/PROBLEM AREAS MATRIX

LAC OBJECTIVES	LAC GOALS				A.I.D. PROBLEM AREAS				
	SHORT-TERM ECONOMIC STABILIZATION	BASIC STRUCTURAL REFORMS LEADING TO RAPID AND SUSTAINED ECON. GROWTH	WIDER SHARING OF THE BENEFITS OF GROWTH	STRENGTHENING DEMOCRATIC INSTITUTIONS	INADEQUATE INCOME GROWTH	HUNGER	HEALTH DEFFICIENCIES	LACK OF EDUCATION	UNMANAGEABLE POPULATION PRESSURES
1. Increase agricultural production		X	X		X	X			
2. Strengthen the private sector		X			X				
5. Promote exports		X			X				
6. Preserve and manage natural resources		X			X				
8. Increase access to voluntary family planning services			X						X
9. Improve health and health services			X				X		
10. Reduce infant and child mortality			X			X	X		
13. Increase participant training				X				X	
14. Strengthen democratic institutions				X					
15. Support anti-narcotics programs				X					
16. Alleviate malnutrition		X	X			X			

OBJECTIVE No. 1: **INCREASE AGRICULTURAL PRODUCTION**

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Project.	1987 Actual 2/	1988 Project.	1989 Project.	1990 Project.
A. Real Growth of Value Added in Agriculture (% change in GDP)	2.3 1/	3.7 1/	5.4	5.3	5.5-6.5%	5.5-6.5%	5.5-6.5%
B. Volume of Production of Selected Basic Food Crops (000's of Metric Tons)					increase	increase	increase
1. Rice	878.3	725.9	1,034	1,044.0	+ 11-12%/yr. thru 1990		
2. Corn	590.1	644.1	682	645.0	+ 8-9%/yr. thru 1990		
3. Potatoes	1,589.7	1,657.5	1,895	1,851.6	+ 8-9%/yr. thru 1990		

1/ Revised
2/ Preliminary Estimate

2. AID PROGRAM PERFORMANCE INDICATORS	1985 Actual 1/	1986 Actual 1/	1987 Target	1987 Actual 2/	1988 Target	1989 Target	1990 Target
A. Yields of targeted crops by regions stimulated by AID-ssisted programs (annual % increase).							
1. Rice - Selva	3.0	4.0	3.5	2.0	3.0	3.0	3.0
2. Corn - Selva	2.1	1.7	4.0	3.7	4.0	4.0	4.0
3. Potatoes - Sierra	1.5	0.5	3.0	3.0	3.0	3.0	3.0
B. Agricultural/Industrial Terms of Trade as a ratio of changes in relative wholesale price index (end of calendar year; ratio 1973 = 1.00)	0.76	1.15	1.25	1.15	1.10	1.01	1.00

1/ Revised
2/ Preliminary Estimate

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY FY 1988 IN LAST YEAR'S ACTION PLAN
(Briefly explain any significant departures from targets):

A. 1987 Benchmarks for CDT indicators were slightly exceeded for rice production (1,044 thousand MT as compared to a target of 1,034) and fell slightly short of benchmarks for 1) percentage change in agricultural GDP (5.3% actual as compared to a target of 5.4%, 2)output of yellow corn (645,000 MT as compared to a target of 682,000 MT, which was a negligible increase over 1986) and, 3)output of potatoes (1,852 thousand MT actual as compared to 1,985 thousand MT targeted) but nevertheless an impressive 12% increase over 1986.

B. 1987 benchmarks for APP indicators were partially met for crop yields: Selva rice yields increased by 2.0% as compared to the target of 3.5%; Selva corn yields increased by 3.7% as compared to the target of 4.0%, while actual potato yields met the target of 3.0%. Final figures for agricultural terms of trade for 1986 show that the improvement of 18.82% shown as a preliminary estimate in last year's Action Plan grossly underestimated the actual improvement from 1985 to 1986. In fact, the agricultural/industrial wholesale price index ratio (A/I ratio) changed from 0.76 at the end of 1985 to 1.15 at the end of 1986, a 51% improvement. However, from the end of 1986 to the end of 1987, preliminary estimates indicate that the A/I ratio remained unchanged at 1.15 (although it increased to 1.19 in March of 1987, before gradually falling back to an estimated 1.15 by the end of the year). Thus, the average annual improvement in the A/I ratio (targeted at 10% annually for both 1986 and 1987 in previous action plans) for 1986 and 1987 on average amply exceeded the targets.

It should be noted that APP indicators have been changed from "area using improved technology" to "yields of targeted crops by region", and from terms of trade based on the "agricultural/national wholesale price index (A/N) ratio" to the "agricultural/industrial wholesale price index (A/I) ratio". These changes have been made to more nearly reflect impacts of AID-assisted programs and to base such impacts on more readily available data.

C. Policy dialogue impacts on ministerial decisions have continued to be significant due to continued effective analytical work by the Agricultural Policy Analysis Group (GAPA) under the APID Project.

D. The National Producers Association (ONA) has continued to progress in establishing a farm records program, with approximately 250 farmers now enrolled (200 with records for an entire crop year).

E. The Agricultural Technology Transformation PP was approved, Project Agreement signed and funds obligated in September 1987, project implementation is now starting.

F. The APID evaluation started February, 1988.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD

Policy Dialogue Area	Policy Dialogue Objective (to complete change)	Target Date End of FY-1988	Benchmarks End of FY-1990	
A. Private Sector Agricultural Research & Extension	Reach agreement on an organizational system for carrying out private sector agricultural research & technical assistance focussed on the coast, and implement a program for providing private sector TA to commercial farmers, including cooperatives & parcelized small farmers	1990	AID and GOP-approved ATT Project being implemented through collaboration of ONA, INIAA, UNA, regional universities, and producer groups.	Pilot Private Sector technology transfer enterprises in operation
B. Agricultural Terms of Trade	Provide more nearly equilibrium exchange rates for agricultural exports, including both traditional commodities and non-tradicional commodities; and put into practise a system of exchange rate, tariff & subsidy policies to maintain competitiveness of domestically produced traded agricultural commodities	1990	Analysis of farm and agroindustry firm level impacts being made as a matter of routine to influence decisions about macro-policy changes, & as a means of determining needed macro-policy adjustments	MinAg and ONA monitor on a continuing basis agricultural terms of trade impacts of macro-economic policies
C. Food Price & Supply Stabilization	Establish acceptance of and promote private storage to achieve price & supply stabilization, thereby improving marketing efficiency	1990	Storage of brand name and specialty products exempted from speculation laws	Storage of all perishable foodstuffs exempted from speculation laws
D. Preservation of Science Based Agriculture	Public sector recognition & acceptance of key role of agricultural research, extension & education in agricultural system growth & development, & the critical need for training & maintaining highly trained technical & managerial talent in the public & private agricultural production & marketing system	1990	Plan being implemented for attracting and maintaining high caliber technical & managerial talent in key positions for agricultural production & marketing research	Program being implemented for strengthening graduate program at UNA and for external graduate training of profesors at UNA

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD	Quarter/Year
a. ATT Technical Assistance contract signed.	2Q/FY 88
b. ATT Private sector extension activities under way.	3Q/FY 88
c. Evaluation of APID Project completed.	2Q/FY 87
d. APID Project modified in accord with evaluation recommendations and extended.	3Q/FY 88
e. ONA pilot activity completed, lessons learned and on-going activities incorporated into ONA implementation plan under ATT.	2Q/FY 88
f. REE Project terminated, and implementation of ATT Project support to INIAA and UNA fully operational.	4Q/FY 88
g. Pilot Private Sector Technology Transfer enterprises assisted under the ATT Project will be operational and achieving financial independence.	2Q/FY 90
h. Private Sector Seed Improvement Associations assisted under the ATT Project will be established and functioning for potatoes and cereal grains.	4Q/FY 90

7. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing (O)	Type of Funding	LOP ($000)	L/G/LC	Obligations			
						Cumulative through FY 1987	FY 1988	FY 1989	FY 1990
Integrated Regional Dev.	0178	O	DA	16,600	L&G	16,600	--	--	--
			LC	--	LC	(1,421)	(588)	--	--
Agriculture Research, Extension & Education	0192	O	DA	19,650	L&G	19,650	--	--	--
			LC	--	LC	(9,005)	(1,194)	--	--
Small Hydro Development	0226	O	DA	9,750	L&G	9,750	--	--	--
Agriculture Planning & Institutional Dev. (APID)	0238	O	DA	17,874	L&G	16,350	470 1/	385	450
			LC	--	LC	(3,812)	(1,864)	(1,900)	(1,900)
Private Sector Agric. Investment Promotion	0265	O	DA	10,000	L	10,000	--	--	--
			LC	(10,900)	LC	(10,500)	(402)	--	--
Agriculture Technology Transformation	0282	O	DA/ESF	25,000	G	4,000	2,000 2/	3,550	3,400
			LC	--	LC	--	(2,352)	(3,000)	(2,500)
Technoserve - Coop. Management (OPG)	0293	O	DA	750	G	750	--	--	--
Small Ruminants CRSP		O	DA-AID/W	3/	G	2,516	718	700	700
			LC	--	LC	(1,018)	(1,140)	(600)	(600)
Ica Producers Assoc.	0000	O	DA	50	G	50	--	--	--
ONA Statistical & Economic Analysis	0000	O	DA	170	G	170	--	--	--
Potato Seed-CARE Emergency Program	0000	O	DA-OFDA	210	G	210	--	--	--

1/ In addition, Mission expects obligation of $219,000 from project 0202 ONERN deob.
2/ In addition, Mission expects obligation of $6,590,000 from project 0240 Central Selva deob.
3/ Funds not allotted to USAID.

7. PROJECTS SUPPORTING OBJECTIVE (Cont'd)

Title	Number	New (N) or Ongoing (O)	Type of Funding	LOP ($000)	L/G/ LC	Obligations			
						Cumulative through FY 1987	FY 1988	FY 1989	FY 1990
Manuscript on Role of Agriculture in Dev. Process - CIUP	0000	0	DA	24	G	24	--	--	--
IRD Reports Reynafarje/Dillon	0000	0	DA	14	G	14	--	--	--
APID Evaluation	0000	N 1988	DA	40	G	--	40	--	--
Feasibility Study Monetization Rural Credit Program	0000	N 1988	DA	30	G	--	30	--	--
PVO-Rural Credit and Community Development (OPG)	0324	N 1989	DA	350	G	--	--	150	100

7. NARRATIVE

The major price policy mechanism being used by the GOP to increase farm incomes and to encourage increased production of basic foodstuffs is the Producer Price Guarantee Fund (FRESA). This fund continues to be financed with the margin between the purchase price (plus transaction costs) and the wholesale price to processors/distributors of imported basic foodstuffs. This margin has been kept wide because of continued low international prices and by application of an extremely advantageous exchange rate (I/.15.90 whereas the financial rate is I/.63.00). Guaranteed price incentives, combined with subsidized urea fertilizer prices and continued supply of expanded agricultural credit at negative interest rates has resulted in continued stronger than normal growth of the guaranteed price products (mainly cereal grains, pulses and milk), that also are included in national agricultural research and promotion programs. Increased output of these national program crops combined with considerably increased meat production (especially poultry) resulted in agricultural GDP growth of 5.3% in 1987, after three years of annual growth in excess of 3%. The historical growth rate during the prior 10 years had been under 2% annually. Although the sharp increase in gross real farm incomes of approximately 20% in 1986 was not sustained in 1987 (in fact real farm incomes dropped back to 1985 levels), disposable incomes increased significantly as the result of greatly improved agricultural terms of trade in 1986 and continuing into 1987. At the end of 1987, the terms of trade ratio (agricultural/industrial wholesale price index ratio) was 51% higher than at the end of 1985.

Throughout 1987, the GOP has become more and more concerned about the foreign exchange implications of their current agricultural income support and production incentives policies, and has begun to take actions to strengthen their ability to influence agricultural technology and enterprise changes that reduce unit costs of production, target market opportunities and generate increased agricultural net incomes from within the sector. Some specific indicators of this broadening of focus include 1) reorganizing INIPA (now INIAA) to permit improved salaries to attract and retain high quality technical and professional personnel, and to facilitate promotion of increased private sector involvement in technology generation and transfer, 2) joint design and approval with AID in FY-87 of a $52.0 million ($27.0 million counterpart) Project to strenghthen both public and private sector agricultural technology generation and transfer, and 3) establishment of a continuing dialogue with a private sector agro-industry group to seek ways to encourage expanded private sector agro-industry investment.

The GOP has agreed to an evaluation (second quarter, FY-88), of the Agricultural Planning and Institutional Development Project (APID) which will evaluate progress to date in impacting agricultural policy changes, and will recommend areas of policy analysis focus during the next three years. MinAg. also is seeking guidance from the evaluation for establishing a private sector university-linked permanent capacity to carry out policy analysis and dialogue activities. Growing interest also is being shown by the GOP and the private sector for developing a Project that focusses on technology adoption and organizational development activities to increase non-traditional agricultural exports.

OBJECTIVE No. 2: STRENGTHEN THE PRIVATE SECTOR

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Project.	1987 Actual	1988 Project.	1989 Project.	1990 Project.
A. Private Investment as a Percent of GDP 1/	6.7%	7.1%	9%	8.6%	8%	8%	9%
B. Banking System Credit Outstanding to the Private Sector (% of GDP) (monthly average)	16.5%	12.3%	--	11.7%	12%	12%	13%
C. % of Total Financial System Net Internal Credit Outstanding to the Private Sector 2/	110%	91%	--	76%	70%	80%	85%

1/ Fixed capital formation; does not include inventory changes.

2/ End of year.

2. AID PROGRAM PERFORMANCE INDICATORS

A. USAID Sponsored Credits in Agriculture (0265), Industry (0278) and Small Scale Enterprises (0317) Projects support new investment in agriculture, working capital credits to reactivate private industry and access to credit by small scale enterprises.

B. Management Training: strengthening of agribusiness
international business, and
small business curricula

	1985 Actual			1986 Actual			1987 Target			1987 Actual			1988 Target			1989 Target		
	Ag	Ind	SSEs	Ag	Ind	SSEs	Ag	Ind	SSEs	Ag	Ind	SSEs	Ag	Ind	SSEs	Ag	Ind	SSEs
A. USAID Sponsored Credits																		
$ millions lent	1	5	5	3	7	2	7	33	6	7.3	28	0	7.6	24	.2	0	18	.3
$ millions value added	2	9	8	5	12	3	11	58	9	7.3	36	0	7.6	32	.2	0	23	.3
$ millions NIEs created	.3	10	—	—	15	.5	2	70	.5	.5	43	0	.7	38	0	0	25	0
Thousands jobs created	.3	1	2.5	.5	1.4	1.0	1.2	6.6	3.0	1.4	6	0	1.5	5	.5	0	2	.8
B. Management Improvement																		
Number of participating institutions				-	1	-	-	5	-	-	5	-	-	5	-	-	5	-

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY87 AND EARLY FY88 IN LAST YEAR'S ACTION PLAN

A) Private Sector Policy Planning and Institutional Development-Strengthening Policy Dialogue Process

- CONFIEP implemented a series of important high level Private Enterprise Dialogue events in which private enterprise representatives met with GOP policy-makers to discuss key national economic issues. Formal events took place covering such topics as investment, savings, and price administration systems. CONFIEP also sponsored a seminar on Peru's economic situation resulting from the GOP's intention to expropriate the banking, finance and insurance industries. Approximately 300 people attended each event. Additionally, CONFIEP carried out the First National Congress of Private Industry which was a key milestone in establishing CONFIEP as a broader representative of Peru's private sector, over 300 participants representing national and international businesses as well as the GOP attended. All events received substantial press coverage and stimulated national level debate on economic policy options.

- Given the heated controversy over the bank expropriation issue in late 1987, CONFIEP deferred development of the mid-long range economic development plan until early CY 1988. CONFIEP will also implement a series of activities aimed at promoting a better understanding of the role of the private sector in Peru's economic development process.

- Evaluation of ILD carried out. Conclusions stated that ILD has made significant contributions to the intellectual and political debate on Peru's informal sector. ILD has demonstrated the value of market-oriented regulatory analysis and energized discussions on the legal framework necessary for economic and social development. Through its research, publicity and advocacy efforts, the ILD has helped to promulgate new laws in the areas of property rights, zoning regulations, simplification of titling procedures, simplification of processes for obtaining construction permits, among others.

B) Strengthening Policy Analysis Capability

- Numerous CONFIEP committees established and studies produced to review GOP policies on price controls, labor stability, credit, exchange rates, taxes, etc;

- 7 BCR staff initiated long-term graduate studies in the U.S., and 2 others (one BCR one MEF) completed short term courses in the U.S. Decision was made to focus on long-term studies early in the project and defer short-term until 1988.

- GOP economic/planning studies completed in Non-traditional Export Promotion, in Financial Risk Assessment, in Production Capacity of Industrial Sector, and in Methodology for Monitoring Private Sector Investment. 10 additional economic studies are underway with the BCR, MEF, and INP.

- RFP issued for advanced short-term U.S. training for 20 members of CONFIEP. (1988 implementation)

C) Improved Management Education

- 1 institution implemented agribusiness course in 7 provincial cities; 5 agribusiness research projects underway in 3 institutions; technical assistance provided to 2 institutions in agribusiness curriculum/research; 1 long term trainee studying Agr. Economics in U.S.

- International Business programs strengthened in 3 institutions (one through curricula changes; other by T.A. inputs); one institution developed and implemented 3 separate small business courses for 15 cycles; 3 research projects underway.

- Small business T.A. provided to one institution; decentralized non formal education correspondence course titled "Small Business Management" offered in 35 cities, approximately 2,300 beneficiaries; 2 small business research projects underway.

- 8 faculty members participating in long-term training in various business related areas (5 in U.S., 3 in LAC countries).

Industrial Reactivation Fund-FRI

$20.5 million in new credits placed to viable industries thru 12/87. Expect additional $12.5 million to be placed by 6/88.

PL-480 Title I - Section 108 lending

Mission was not able to successfully negotiate a Section 108 program with GOP.

Privatization Support

Buy-in with PRE's Center for Privatization executed to develop Mission privatization strategy.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD

As stated in the previous Action Plan report, the scarcity of external loan resources for Peru over the next several years requires that the country maximize its ability to mobilize domestic savings and investments, particularly investments in export related industries. The Policy Planning Project is providing the analytical, technical and policy framework needed for greater resource mobilization and investment through promotion of improved exchange rate, export, tax/tariff, credit, etc. policies. Several critical studies initiated last year have been completed, two of which have served as a mechanism for promoting more effective interagency dialogue, joint planning and sharing of resources. These and an additional ongoing 10 studies specifically examine constraints to private sector investment and recommend means of promoting private sector growth and investment. All are oriented toward helping the GOP and private sector better analyze economic growth problems as well as strengthen private/public sector dialogue on policies which affect the private sector. The Private Sector Management Improvement Project complements the Policy Project by strengthening the capacity of the five leading Peruvian private sector management educational institutions to upgrade their curricula and undertake applied research in the areas of agribusiness, international business and small business.

Over the past year CONFIEP has firmly established itself as the leading spokesman of the private sector and has substantially broadened its membership base. Thus it is now in a much stronger position to articulate the interests of its membership and influence the policy debate. In the same way, the successful publication of ILD's book, El Otro Sendero (a best seller in Peru) greatly strengthened the credibility of ILD in Peru and in the region, and thus will help assure ILD's continued influence on the policy framework and debate on informality. To date ILD has promoted changes in the legal framework within which people make decisions regarding housing, transport, marketing, and the establishment of new commercial, service and industrial enterprises. It has had successes in changing some policy, statute, and regulatory processes through promulgating new laws that aim to alleviate problems faced by informals. These actions have established the foundation for more substantive changes in the policy and regulatory environment. Additional funds will be provided to ILD to continue its research and action programs conditioned upon certain improvements in management practices and long term institutional development plans.

In the credit area, the Mission will continue to promote the expansion of non-traditional exports and use its influence to spur greater GOP/private sector support for small lending. Given the recent resolution of certain exchange rate issues, the Industrial Reactivation Fund will disburse remaining local currency funds for productive private investment through intermediate financing entities. All AID financed private sector lending projects continue to charge the highest allowable rates of interest and have instituted cash management policies aimed at minimizing decapitalization of credit funds. The recently obligated Small Enterprise Credit Project with CARE will institutionalize CARE's successful micro enterprise credit model by expanding the capacity of the private sector's National Industrial Society (NIS) to serve as an intermediary and loan guarantor for small businesses, while a local bank leverages NIS guarantees on a 10 to 1 basis.

Finally, the Mission will continue to assure that all private sector organizations participating in AID projects are undertaking actions to obtain financial self-sufficiency.

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
Private Sector Policy Planning and Institutional Development	
Strengthening Policy Dialogue Process	
- CONFIEP preparation of mid-long range economic development plan and presentation to GOP leadership.	4Q/FY 88
- 2nd National Congress on Private Enterprise held.	3Q/FY 88
- Media campaign on role of private sector in development.	2Q/FY 88
- Full implementation underway of Regional Chamber activities.	3Q/FY 88
- Continuation of high level dialogue events among business leaders and GOP representatives.	On going to 4Q/FY 89
- Incorporation of 16 new member organizations in CONFIEP.	3Q/FY 88
- Development of medium-term strategic plan for ILD's future program.	2Q/FY 88
- ILD assessment completed of housing sector credit constraints affecting informal sector.	4Q/FY 88
- ILD study and recommendations completed relating to new forms of labor markets to broaden base of formal employment in Peru.	4Q/FY 88
- ILD proposal completed on mechanisms for congressional and judicial review and oversight of administrative decision-making by the state.	4Q/FY 88
- Joint program of activities initiated between CONFIEP and ILD.	2Q/FY 88
Strengthening Policy Analysis Capability	
- Complete training needs study of CONFIEP member associations.	2Q/FY 88
- Complete local INP training program for 200 participants.	4Q/FY 88
- Complete, distribute and hold seminars on 8 studies on factors affecting private sector investment and internal savings in Peru.	4Q/FY 88
- 6 long-term BCR trainees initiate U.S. masters program; 5 short-term BCR trainees complete U.S. Federal Reserve Bank internship program; 3 short-term trainees (MEF/BCR) complete short courses in areas relating to financial markets, investment and savings; 16 CONFIEP participants complete short-term U.S. training with counterpart institutions in U.S.;	4Q/FY 88
- 7 long-term trainees from BCR complete masters program in U.S.	3Q/FY 89
Improved Management Education	
Agribusiness - 3 research projects completed and disseminated, and 3 new studies initiated; one agribusiness course introduced in each of 2 institutions.	4Q/FY 88
International Business - improved curricula through T.A. in 2 institutions.	3Q/FY 88
new programs introduced in 3 institutions; creation of Advisory Board.	4Q/FY 88
Small Business -2 research studies initiated and completed.	4Q/FY 88
Strategic Development plans prepared for 4 institutions.	1Q/FY 89
3 long-term training participants will complete studies in 3/88, 3 in 4/88, 2 in 1/89, 3 in 3/89, and 3 in 3/90.	
Major project evaluation completed.	4Q/FY 88
Industrial Reactivation Fund - FRI/Private Sector Agriculture Investment Fund.	1Q/FY 89
Approximately 200 loans for $32 million placed to viable private sector industries and for private agricultural investment.	1Q/FY 89
Privatization Support	
Completed Mission privatization strategy in place (2/88); possible modest privatization support to GOP provided.	1Q/FY 89

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing (O)	Type of Funding	LOP ($000)	L/G/ LC	Obligations Cumulative through FY 1987	Obligations FY 1988	Obligations FY 1989	Obligations FY 1990
Private Sector Management Improvement	0272	O	DA	7,000 LC (2,334)	G	3,959	150	1,025	1,656
Special Dev. Activities	0000	O	DA	N/A	G	1,799	100	100	100
Private Sector Policy Planning & Inst. Dev.	0298	O	DA	6,000 LC (2,186)	G	3,891.4 (120)	1,252 (114)	856.6 (150)	-- (150)
Macro Economic Model of Peruvian Economy - ESAN	0000	O	DA	129	G	129	--	--	--
(Industrial Reactivation Fund - FRI)	0278	O	LC	(45,000*)	LC	(45,000*)	--	--	--
Privatization Project Design PRE Center	0000	0	DA	60	G	60	--	--	--
Private Sector Small Enterprise Credit Program CARE OPG	0317	O	DA	179	G	179	--	--	--
Relationship of Peruvian ? Economy and the World Economy - CEPEI	0000	O	DA	10	G	10	--	--	--
ILD Assessment Dev. Alternatives, Inc.	0000	O	DA	52	G	52	--	--	--

* Local Currency Generations

7. NARRATIVE

The economic crisis, characterized by an unprecedented fall in international reserves, accelerating three digit inflation and continued lack of access to external loan resources have forced the GOP to question its "heterodox" economic policies. Concurrently, the hotly debated issues surrounding the proposed expropriation of the financial system have mobilized broad-based support for CONFIEP, which led the campaign opposing greater GOP intervention in the banking system. CONFIEP's widely publicized defense of the principles of private property and constitutional protection have brought it and ILD to the point where, for the first time, they are developing joint plans and coordinating activities. These two factors: recognition within the GOP of the urgent need to modify its earlier "quick fix" policies and the fact that the private sector is currently more unified than at any time in Peru's recent history, indicate that the Mission's private sector program is well-positioned to play an important role in improving public/private sector dialogue on key economic issues. The potential for strengthening this dialogue process through the Private Sector Policy Planning Project is fundamentally helped by the facts that CONFIEP has now recruited a technical staff and that it plans to take greater advantage of the research capabilities of independent "think tank" organizations, thus making it less reactive and more capable of offering constructive policy options to the GOP.

At the same time, the recently completed evaluation of ILD noted that it is making a significant contribution to the political debate on the informal sector in Peru and has been successful in the development and implementation of several laws that alleviate the problems of informal sector workers. ILD's best know publication, the book, "El Otro Sendero", has been influential not only in Peru but also in other Latin American countries. ILD has received requests for assistance from groups in Chile, Colombia, Ecuador, El Salvador, Honduras and Mexico. Additional funding proposed for ILD in FY 88 will help assure that this contribution is strengthened and sustained and will address the technical and programatic issues raised in the evaluation. Improvement in university level training for the private sector and strengthened relationships between the public and private sector continue under the Private Sector Management Improvement Project which will conduct a mid-term evaluation in the first quarter of FY 89.

On the public sector side, all seven of the project's first year, long-term trainees were selected and are now engaged in two-year master's of economics and MBA programs in the U.S.; an additional six trainees will begin long-term studies in FY 88. Moreover, project studies are serving as a mechanism for promoting more effective GOP interagency dialogue, joint planning and sharing of resources. For example, the BCR and ICE, the powerful Foreign Trade Institute, have completed a study on the promotion of non-traditional exports. The Peruvian Senate, as part of its debate of the export law asked for and received a copy of the study which, given the structural constraints to developing export industries, pointed to the need to develop export trade zones. Other multiagency technical studies are taking place in the areas of industrial planning and sectoral credit allocation.

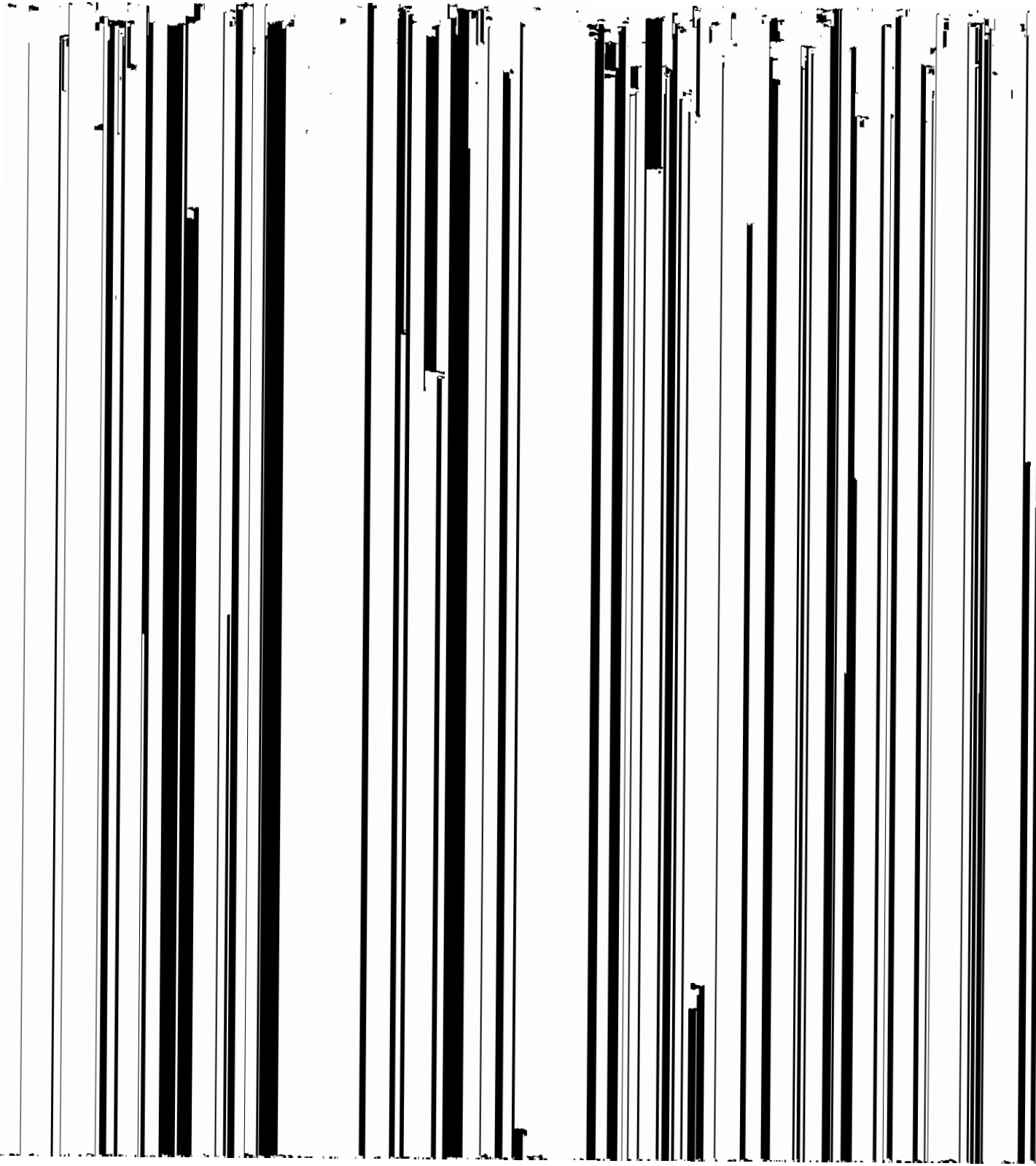
In the credit area, a disbursement of approximately $1,000,000 was provided to the Private Sector Agricultural Investment Promotion (PRIDA) Project after a two year period in which the implementing agency placed loans exclusively utilizing GOP contributions and subloan reflows. Over the nine month period ending December 31, 1987, 170 subloans valued at $2,860,000 were placed from AID loan funds and local contributions. Additionally, earlier exchange rate issues were resolved under the Industrial Reactivation Fund (FRI), with the result that the remaining local currency equivalent to $30 million is now available to support increased capacity utilization by viable private firms. In 1987 using reflows and local currency approximately 130 loans were placed at a value of $40 million. In the small business area, unfortunately, the Mission was not successful in negotiating a PL-480 Title I, Section 108 program with the GOP. However, a Small Enterprise Credit Project was obligated with CARE, which will institutionalize their successful credit delivery model through expanding the capacity of a Peruvian private entity to screen loan applicants and to provide loan guarantees and technical assistance. A local bank has agreed to make available a line of credit of up to ten times the value of the guarantees made available by the Peruvian entity.

OBJECTIVE No. 5: PROMOTE EXPORTS

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Project.	1987 Actual	1988 Project.	1989 Project.	1990 Project.
A. Total Non-Traditional Exports (FOB value in $000's)	735 1/	660 1/	740	800	920	1,050	1,200
B. Agricultural Non-Traditional Exports (FOB value in $000's)	98 1/	75 1/	90.9	86	110	125	140
C. Industrial Non-Traditional Exports (FOB value in $000's)	551	495	--	600	690	790	900

1/ Revised.

2. AID PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Target	1987 Actual	1988 Target	1989 Target	1990 Target
A. Value of Non-Traditional Agricultural Exports targeted by AID Programs (FOB value in $000's)							
1. Fresh green asparagus	--	--	--	2,000	4,000	5,000	6,000
2. Fresh mangoes	N/A	500	--	700	1,000	1,500	2,000
3. Frozen green beans	--	--	--	--	500	1,000	1,500



LAST YEAR'S ACTION PLAN

onal exports exceeded targets
Given the renewed emphasis by
ditional agricultural exports
per year thereafter.

ed in 1987 (Nov., 1987 through
he modest pilot program USAID
ts (with funding of less than
sparagus exports are expected
ts such as mangoes and green
Non-traditional Agricultural

its survey of the effects of
dy of the effects of domestic
omic circles, and demonstrate
domestic tariff protection and
hange rate for non-traditional
rity level, and announced that
s not yet clear how well this
otection and export incentives

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD

Policy Dialogue Area	Policy Dialogue Objective	Target Date (to complete change)	Benchmarks	
			4Q/FY 89	4Q/FY 90
A. Agricultural Terms of Trade	Avoid negative internal terms of trade biased against agricultural export production as a result of GOP macro and sector level policies	1989	Routine analysis of farm and agroindustry firm level impacts on agricultural export competitiveness being made by GOP before adopting macro-policy changes, and as a means of determining needed macro-policy adjustments.	Internal terms of trade for agricultural export production is stabilized
B. Non-traditional Agricultural Export Promotion	Provide simplified procedures for export permits and facilitate establishment of joint ventures with external investment, thereby improving processing and marketing efficiency, also provide simplified procedures for importing agricultural inputs supportive of non-traditional agricultural export production.	1989	Continuation by FDN (with ICE collaboration) throughout FY 88 of technical level workshops with public and private sector participation to discuss means and opportunities for expanding and diversifying non-traditional agricultural exports.	Facilitating legislation and regulations approved and administrative implementation mechanisms functioning.
C. Stability of Real Exchange Rates	Maintain stable real exchange rates for exports, including both traditional and non-traditional commodities, at historically favorable levels.	1989	4Q/88 GRADE Final report on Peruvian Balance of Payments.	2Q/89 Study translated, published and results disseminated.

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD — QUARTER/YEAR

A. Successes of pilot activity in Non-traditional agricultural export development will be continued during FY 88 (to overlap with planned FY 88 Project start). — 4Q/FY 88

B. A PID for a three year project in Non-traditional Agricultural Export Promotion and Agribusiness Development (0310) (NAEPAD) will be prepared. — 3Q/FY 88

C. Non-traditional agricultural export and agribusiness development PP will be completed as a shelf Project. — 4Q/FY 88

D. Approve and obligate NAEPAD project. — 4Q/FY88-2Q/FY89

E. Key institutional arrangements, technical assistance services and training activities of NAEPAD Project will be operational. — 2Q-4Q/FY 89

F. FDN will be regularly synthesizing and reporting fresh fruit and vegetable market prices and conditions in principal US markets. — 3Q/FY 88

G. Get final GRADE report on the Economics of the Current Account of the Balance of Payments. Distribute to key officials and economists. — 4Q/FY 88

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing (O)	Type of Funding	LOP ($000)	L/G/LC	Obligations			
						Cumulative through FY 1987	FY 1988	FY 1989	FY 1990
Non-Traditional Ag. Export/ Agribusiness Development	0310	N 1989	DA	2,500	G	--	--	500	500
Refinement of Econometric Models: Traditional and Non-Traditional Exports - GRADE	0000	O	DA	108	G	108	--	--	--
Case Studies: Production and Export of Fresh Asparagus	0000	O	DA	67	G	67	--	--	--

7. NARRATIVE

Through mid-1987, the Mission continued to assist the FDN, FMME and the Ica Producers Association (IPA) to promote non-traditional agricultural exports NTAE by providing limited funds for local operating expenses and by facilitating utilization of Project Sustain (AID/W) to obtain technical expertise in fresh green asparagus production, grading, packing and marketing. This resulted in a) more effective management of 400 hectares of asparagus that was planted in 1986-87 in the Ica Valley and b) construction of a packing plant with borrowed funds.

In late October, Mission assisted the IPA to obtain additional expertise through Project Sustain, which helped to assure a successful first year of harvesting and packing of fresh green asparagus and resulted in sales in the U.S. of approximately $2,000,000 from November 1987 to January 15, 1988. In addition, Mission provided assistance to the FDN and FMME to carry out U.S. market and price date collection studies for fresh green asparagus beginning in October, 1987. The purpose of these studies is to guide Peru in future expansion of asparagus production to help assure that over-expansion does not destroy the market.

Rapid non-traditional agricultural export expansion has now become very important to Peru due to application of unwise macro-economic policies during 1985/86 which have precipitated severe net foreign exchange losses. Mission thus feels that continued and substantially expanded support in this area is a high priority. However, because of unforeseen budget reductions, the Mission may be unable to initiate the planned NAEPAD Project during FY 88. Nevertheless, Mission plans to prepare the PID and PP during FY 88 as a shelf-project, with anticipated initiation in FY 89.

The USAID will ensure that project preparation activities will be in full conformance with AID Policy Determination No. 15, "Assistance to Support Agricultural Export Development."

The GRADE report provided much more detailed analyses of specific non-traditional manufacture exports, a study of the effects of tariffs and export incentives on non-traditional exports, a survey of exporters, and exploratory analyses of other elements of the balance of payments current account. Traditional exports do not respond to the level and stability of real exchange rates in the way that non-traditional exports do. GRADE will complete a final report on the subject in FY 88, which will provide detailed studies of non-traditional agricultural exports, a final analysis of the survey of exporters, and final work on other elements of the current account. This research should be of great interest and influence policy at a time of severe balance of payments constraints.

OBJECTIVE No. 6: MANAGE AND PRESERVE NATURAL RESOURCES

1. COUNTRY DEVELOPMENT TRENDS INDICATORS

2. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Target	1987 Actual	1988 Target	1989 Target	1990 Target
Central Selva Resource Management Project							
A. Natural Forest Management System applied to tropical forests (has.)	--	300	1,000	1,000	2,000	3,000	5,000
B. Production Forest Activities							
1. Cooperative training (%)	25	50	100	50	Ongoing	--	--
2. Production areas surveyed (has.)	--	300	1,200	1,000	2,000	3,000	5,000
3. Logging roads completed	--	1	2	1	4	8	8
C. Protection of Biodiversity Activities Establish Reserves							
1. Yanachaga National Park (000 has.)	--	--	123	123	--	--	--
2. San Matías Protection Forest (000 has.)	--	--	--	145	--	--	
Tropical Soils CRSP							
A. 1. Agroforestry trials	8	11	14	--	14	--	--
Reforestation Project with Food Aid							
A. Hectares Reforested	4,628 a/	4,167 a/	3,582	-- b/	3,500	3,850	4,200
B. Farmers using soil conservation practices	5,680	8,177	9,271	-- b/	9,059	10,882	13,000

a/ Figures show hectares planted. Data on survival of trees planted are not available.
b/ Actual figures not yet available.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS UNDER BENCHMARKS FOR FY 1987 AND EARLY FY 1988

Several Mission and AID/W funded activities were implemented which support tropical forestry and bio-diversity objectives.

In FY 87 the GOP legally established the Yanachaga National Park, based on the master plan and preliminary inventory of flora, fauna and other resources prepared in FY 86. The congress of Peru also declared the San Matias mountain range a protection forest in FY 87. Construction of park facilities, training of personnel, and biological diversification studies are being provided with assistance from an AID Biological Initiative grant to The Nature Conservancy.

The Peruvian Conservation Association completed dissemination of the Peru Environmental Profile in FY 87. This first profile for Peru greatly increases the coverage of environmental data for the Andean region.

The GOP continues to support strongly the USAID's concept of the project as a tropical forests and soils research and development project, to be used to develop rational and realistic techniques to both preserve and use the fragile resources of the humid tropics.

There continues to be a need to allocate Peruvian budget resources to staffing and managing Yanachaga National Park.

The Forest extraction law prohibiting logging of trees with diameters less than 10 cms. was amended, thus permitting utilization of all of the wood down to about 5 cms. In order to maximize economic returns from the Natural Forest Management system all timber will be utilized.

The PVO CARE has been selected to replace the local PVO SEPAS, which was liquidated in 1987, to implement the Food-Assisted Reforestation Project and negotiations are underway for the signing of a new OPG agreement. Since the termination of the SEPAS OPG at the end of May, 1987, the two GOP counterpart agencies, the National Forestry and Fauna Institute (INFOR) and the National Food Support Institute (ONAA), have continued project activities at a reduced level and at a slower pace with more limited resources than originally planned. Under CARE sponsorship, project activities are expected to be fully operational by the third quarter of FY 1988.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	Quarter/Year
A. Need to obtain a guarantee on the part of the Ministry of Agriculture and local governments that logging activities and human settlement will not be permitted within the boundaries of the Yanachaga National Park and the San Matias Protection Forest.	1Q/FY 89
B. Approve the title and ownership of the transfer of wood processing equipment purchased and facilities constructed, to the Yanachaga Forestry Cooperative.	3Q/FY 89
C. The Communal Reserves, estimated at 35,000 Ha., located at the base of the Yanachaga National Park, must be legally designated to protect this area from spontaneous settlement and logging activities.	4Q/FY 88
D. The GOP must agree that equipment procured for road maintenance will be used only within the Project area and that a plan will be prepared for transfering the responsibility for road maintenance to the Ministry of Transportation and Communication.	3Q/FY 88
E. For the Title II Food-Assisted Reforestation Project PRAA, secure approval of Title I/ Section 416 Sugar Quota counterpart allocations, presently being held in a reserve status, in favor of INFOR, ONAA and the PVO CARE.	2Q/FY 88
F. Obtain DCC approval of an increase of Title II commodities for the CARE Reforestation Food for Work Project for FY 1988.	2Q/FY 88

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD 88-89	Quarter/Year
Central Selva Resource Management	
A. Forest Cooperative/Wood Processing Center functioning.	3Q/FY 88
B. Yanachaga National Park fully operational.	1Q/FY 89
C. San Matias Protection Forest operational.	1Q/FY 89
D. Geographic Information System application for Palcazu Valley completed.	3Q/FY 88
E. Update economic analysis of natural forest management system.	2Q/FY 88
Tropical Soils CRSP	
A. Research finding reported on Agroforestry and Recuperation of humid tropical steepland	1Q/FY 88 1Q/FY 89
CARE Reforestation Food for Work Project	
A. Finalize negotiations and sign an OPG agreement with CARE to undertake the PL-480 Title II reforestation project, previously managed by SEPAS.	2Q/FY 88
B. Ensure that amended or new agreements between CARE, ONAA and INFOR, are operational in support of reforestation food-for-work project.	2Q/FY 88
C. Implement monitoring and data collection/analysis systems at project level.	4Q/FY 88

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing (O)	Type of Funding	LOP ($000)	L/G/ LC	Obligations Cumulative through FY 1987	Obligations FY 1988	Obligations FY 1989	Obligations FY 1990
Central Selva Resource Management (Pichis-Palcazu)	0240	O	DA	22,800*	L&G	22,800	-10,000*	--	--
			LC	--	LC	(6,459)	(1,154)	--	--
Tropical Soils CRSP	931-1311	O	DA-AID/W	1/	G	3,799	490	490	490
			LC	--	LC	(1,403)	(752)	(500)	(500)
Economic Analysis of Forestry Activities (Brack Egg-Muñoz)	PD&S	N 1987	DA	13	G	13	13	--	--
ONERN - Environ. Plan.	--	O	OC	--	LC	(499)	(133)	(100)	(100)
Research on Mechanisms and Processes which Control Colonization and Post-Catastrophic Recuperation of Benthic Resources	936-5542	O	DA-AID/SCI	150	G	150	--	--	--
CARE-Reforestation Food for Work (OPG)	0320	N 1988	DA	230	G	--	100	70	60
Central Selva Resource Management II	0321	N 1988	DA	500 2/	G	--	500 2/	--	--
			LC	--	LC	--	--	(1,000)	(1,000)

* Proposed $10,000,000 loan deob.

1/ Funds not allotted to USAID.
2/ In addition, Mission expects obligation of $1,730,000 (G) and $1,680,000 (L) from project 0240 Central Selva deob. (L).

7. NARRATIVE:

AID's Support Programs are demonstrating the feasibility of sustained tropical forest yield through natural forest management. The Natural Forest Management System of strip-cutting with regeneration of the natural diversity of forest species on which the Central Selva Resource Management (CSRM) Project is now based is essential to sustained productivity in Peru's high jungle valleys. Any other forestry extraction scheme currently known, particularly the extensive clear-cutting common throughout the Amazon Basin, will not be feasible for sustained productivity and for protection of biological diversity (including the animal populations which rely on this diversity for food and habitat), now required by U.S. law concerning AID development, and specifically in humid tropical rainforests. (see 1986 amendments to the Foreign Assistance Act, Sec. 118. Protecting Tropical Forests in Developing Countries, and Sec. 119. Protecting Biological Diversity in Developing Countries).

The design of the CSRM Project was converted from a traditional area development project to a natural resource management project. The project has developed and is demonstrating methodologies which will permit sustained use of the high jungle, not just of the Palcazu valley or of Peru, but of South America, an area under present threat of severe, probably irreversible ecological destruction, in the near to medium term. Prevention of this destruction, and the generation of methodologies to permit sustained use of this vast region, are not only critical challenges of self-evident importance, but are challenges directly relevant to the raison d'etre of development agencies and to explicit AID legislation and policy.

In order to attain sustainable development in the Palcazu it will be necessary to continue forest management, agroforestry, cooperative development and road maintenance activities under the new CSRM Phase Two Project. The GOP has requested the Phase Two in order to further test and demonstrate the methodologies begun under CSRM. A large balance of undisbursed loan funds remain and will have to be reobligated to finance Phase Two technical assistance, equipment, materials, training, and operating expenses.

The PRAA evaluation issued in April, 1987, has been a critical element in highlighting the technical, social and institutional lessons to be learned, in guiding the reformulation of the program to be implemented under new PVO sponsorship, and in ensuring its continuation. Under the follow-on to the PRAA FFW Reforestation Project priority attention will be placed on securing the interest and support of individual families and the active commitment of participating communities in the principal project activities which include the maintenance and care of nurseries and tree fields and related soil conservation practices.

OBJECTIVE NO. 8: INCREASE ACCESS TO VOLUNTARY FAMILY PLANNING SERVICES

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
A. Population (In 000s) (Annual Growth Rate = 2.6)	19,886	20,403	20,923	20,923	21,477	22,035	22,608
B. Percentage of women of reproductive age using contraception (all methods, modern and traditional)	45	46	47	47	48	49	50
2. A.I.D. PROGRAM PERFORMANCE INDICATORS							
A. Number of women receiving FP services under A.I.D.-supported programs (Total)	-a/	750,830	803,443	803,443	859,080	916,656	976,666
1. Under Private Sector Programs	-a/	120,000	150,000	151,000	188,750	235,938	294,922
2. Under Public Sector Programs	-a/	630,830	653,443	652,443	660,330	655,718	631,744
3. CSM Acceptors	-b/	-b/	-b/	-b/	10,000	25,000	50,000
B. Number of women receiving FP services under A.I.D.-supported programs as a percentage of women of reproductive age	-a/	15.3	15.9	15.9	16.6	17.3	18.0

a/ Data not available.
b/ CSM Project support of commercial sales is scheduled to begin in FY 1988.

KEY:

1. Number of women of reproductive age is estimated at 24% of the total population (standard demographic procedure).

2. Number of women of reproductive age using contraception (all methods - modern and traditional) is based on the ENDES survey of 1986 (National Institute of Statistics) (46% in 1986).

3. Number of women of reproductive age using modern methods of contraception is based on the ENDES survey of 1986 (23% in 1986, increasing at rate of 1% per annun).

4. Number of women receiving services under private sector programs is estimated to increase by 25% each year.

5. Public sector program data was provided by the Ministry of Health.

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3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988 AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

A. Because the MOH has continued to be in an almost constant state of reorganization over the past two years, little progress has been made to reduce medical restrictions on family planning.

B. Almost all of the advertising and distribution restrictions relating to the Contraceptives Social Marketing (CSM) Program have been removed with the exception of brand name advertising. Efforts will continue to remove this restriction. However, it will not interfere with initial advertising efforts under the Program which will be generic in nature.

C. Unfortunately, the Presidential Commission on Population, which was created at the end of 1986, produced a plan which was never officially acknowledged and then disbanded within a year after its creation. The Mission, however, has continued to encourage the National Population Council, the Ministry of Health, the IPSS and the Private Sector Family Planning Project (SPF) participating agencies to coordinate family planning services delivery and IE&C activities. Our efforts have been reinforced by the other family planning donors and are facilitated through the projects and activities we finance with all of the public and private sector entities.

D. Mission efforts to address the AIDS problem were initiated in early FY 1988 with the approval of two Population Council (INOPAL) operations research projects aimed at combatting AIDS through the use of family planning programs and resources. The Mission plans to expand its efforts in this area after discussions with AIDSTECH and AIDSCOM technicians who plan to visit Peru in March/April 1988.

E. After almost three years of limited progress, the CSM project was redesigned in May/June 1987 to take advantage of locally produced, inexpensive, high quality contraceptives (orals and vaginal spermacidal suppositories). Since the new CSM Project design calls for the active promotion of locally produced commodities, orals and spermacides will not be imported for use in the project; however, based on the outcome of studies to be undertaken in FY 1988, it is likely that condoms will be imported for the project and distributed beginning in FY 1989.

F. The geographic zonification of private sector family planning service delivery efforts in Lima is well underway and is expected to be completed during the third quarter of FY 1988, nine months ahead of schedule. The expansion and zonification of private sector family planning services outside Lima is also being planned and coordinated to avoid competition and improve program coverage and efficiency and will begin to be implemented in FY 1988.

G. In early 1987, IPSS launched a major initiative in family planning whereby family planning clinic services with complementary community outreach programs were offered for the first time by its major hospital in Lima, all IPSS polyclinics in Lima/Callao, and all IPSS hospitals and polyclinics in the neighboring Department of Ica. After one year of operation, family planning services coverage increased from 3% of all women of reproductive age (WRA) in the IPSS beneficiary population to 9%. Plans are to phase in the family planning clinic/outreach program model in all IPSS facilities in the remaining 22 Departments in the country by the end of CY 1989 and to achieve a coverage rate of 22.7% of WRAs in the IPSS beneficiary population by January 1990.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY ACTION PLAN PERIOD	QUARTER/YEAR
A. Continue to encourage easier access to family planning services by reducing medical restrictions on contraception. These include unnecessary medical procedures such as pelvic exams for users of natural family planning methods and medical interviews to obtain condoms.	3Q/FY 89
B. Continue efforts to remove restrictions on brand name advertising under the CSM Program.	3Q/FY 89
C. Modify regulations to allow expanded use of voluntary surgical contraception.	3Q/FY 89
D. Ensure the establishment of a permanent Family Planning Director position within IPSS and the appointment of a GOP employee to fill the job.	3Q/FY 88
E. Take steps to incorporate findings of AIDS operations research projects on education and prevention of transmission into on-going POP/FP programs in the public and private sectors.	3Q FY 89
F. Initiate the design and implementation of regional POP/FP action plans with selected CORDES.	3Q/FY 89

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
A. Undertake a program strategy and financial management review of the SPF project.	2Q/FY 88
B. Launch the CSM project mass media campaign in support of locally manufactured contraceptives.	3Q/FY 88

C. Expand quality family planning services, particularly in rural and peri-urban areas, through continuing coordination efforts by the MOH, IPSS and the private sector (e.g., shared training of personnel, development of IE&C materials, and infrastructure such as clinics).	1Q/FY 89
D. Initiate RAPID-like activities with regional development corporations (CORDES) and identify specific CORDES for the developmentof regional FP/POP action plans.	1Q/FY 89
E. Begin the process of establishing a Peruvian Coordinating Agency to assume the role now played by the SPF private sector project in coordinating Peruvian family planning PVOs and representing their interests with the public sector.	1Q/FY 89
F. Complete the regionalization/zonification of Peru (outside of Lima) by private sector FP service delivery agencies based on the Lima zonification model under the SPF Project.	2Q/FY 89
G. Finalize the design of the CSM II Project and authorize the Project.	3Q/FY 89
H. Undertake a mid-term evaluation of the SPF Project.	4Q/FY 89
I. Launch a major in-country FP management training program for MOH and IPSS FP administrators and providers.	4Q/FY 88
J. Establish and equip five of the ten planned MOH FP demonstration/training health centers to provide FP training to personnel from other health centers and assist them in program development.	3Q/FY 89
K. Phase in FP clinic services and complementary FP community outreach programs in all IPSS polyclinics and hospitals in all 25 Departments throughout the country.	1Q/FY 90

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing (O)	Type of Funding	LOP ($000)	L/G/ LC	Obligations Cumulative through FY 1987	Obligations FY 1988	Obligations FY 1989	Obligations FY 1990
Private Sector Family Planning	0269	0	DA	13,000	G	3,600	1,590	1,790	2,200
IPSS - Family Planning	0000	0	DA	165	G	165	-	-	-
Integrated Family Planning and Health - Contraceptive Social Marketing (APROPO) a/	0230.01	0	DA	3,500 a/	G	3,500 a/	-	-	-
Integrated Family Planning and Health a/	0230	0	DA	6,428 a/	G	6,428 a/	-	-	-
Child Survival Action b/	0285	0	DA	4,854 b/	G	689 b/	1,254 b/	1,254 b/	1,215 b/
Contraceptive Social Marketing II	0326	N (1989)	DA	2,000	G	-	-	490	500

Between 30-40 sub-grants provided to Peruvian public and private sector FP entities by AID/W centrally-funded cooperating agencies and contractors totalling between approximately $700,000 and $1 million annually.

a/ Project 0230 is divided among Objectives No. 8 and No. 9.
b/ Project 0285 is divided among Objectives No. 8 and No. 10.

7. NARRATIVE

A Total Fertility Rate (TFR) of 2.0 is still the Garcia administration's demographic target for the year 2000. While the President has not spoken out recently on population issues, family planning continues to be an important priority in government planning, and newspaper articles on POP/FP appear almost daily.

The 1986 Demographic and Health Survey (ENDES) showed a 5% increase from 41% to 46% in contraceptive prevalence over a five-year period, and prevalence is estimated to be increasing at approximately 1% per year. Fertility has declined about 24% over the past six years. Rhythm continues to be the most widely practiced family planning method in Peru. Approximately 70% of couples currently in union have used some contraceptive method to delay a pregnancy.

In mid-1987, the CSM project was redesigned to take advantage of locally produced, inexpensive, good quality contraceptives in Peru. Appropriate marketing studies have been undertaken, a mass media campaign is being designed for launch during May 1988, and oral contraceptives and spermacides to be promoted under the CSM project are available in major urban areas throughout the country. An evaluation of current condom availability and use is being carried out, and plans call for imported U.S. condoms to be phased into the CSM project during 1989. An evaluation of the CSM project will occur in the second quarter of FY 89 to provide input for the design of the proposed FY 89 CSM Phase-II project.

The private sector family planning project (SPF) is moving along well, providing financial support, technical assistance and training to PVOs to improve their management and administrative capacities to deliver services. The geographical zonification of family planning providers in Lima, originally planned for 1989, should be accomplished during 1988 and will be immediately followed by a similar process for the rest of the country. This is expected to lead to substantially increased program coverage and efficiency. A mid-term evaluation of the SPF project is planned for June/July 1989. In addition, an external review by a two-person team is planned for February 1988 to confirm that, in light of funding realities, our overall private sector strategy and implementation approach remain appropriate and feasible and the SPF organizational structure, project budget, and expenditures are justified and appropriate to achieve project objectives and outputs.

The IPSS FP Program has achieved considerable progress in FY 1987, and prospects for FY 1988 are encouraging. MOH capability to deliver services continues to be a major problem and will be vigorously addressed under the new Child Survival Action Project which was signed in September 1987. A new Director General of Family Planning in the MOH has recently been appointed. He is in the process of putting together an expanded staff and a program which will focus on providing quality family planning services to the rural and peri-urban areas of the country. The IPSS has also established a position for a full-time Director of Family Planning and a highly qualified GOP official has been named to fill the job and should be on board in March or April.

A Presidential Commission on Population was created at the end of 1986 and was expected to be a strong force for addressing population issues and catalyzing family planning efforts in Peru. However, after only one year of existence, the Commission had prepared only one report which was never officially acknowledged, appeared to be having little or no impact, and has now disbanded. This is a disappointment to all those who had anticipated that the

Commission would exercise an important coordinating role and would be a vigorous proponent of population policy development and family planning. Perhaps the most important legacy of the Commission was a recommendation in its one report that activities be initiated to design and implement regional POP/FP action plans with selected Departmental Development Corporations (CORDES). The Pathfinder Fund is eager to engage in this project, and USAID is interested in supporting the effort through AID/W central population resources. Regional planning is critically imporant in Peru to facilitate the implementation of the GOP's decentralization policy and constitutes an appropriate activity to be undertaken by RAPID II and/or RAPID III.

Two operations research projects aimed at combatting AIDS through use of family planning programs and resources were approved in December 1987 and are being implemented. One of the Projects, which is being implemented by the MOH, will inform and educate government officials, teachers, journalists and MOH officials at all levels about AIDS and will test the efficacy of condom distribution by community-based family planning workers to prevent AIDS transmission. The other project, which is being implemented by the Population Council, NAMRID, and San Marcos University, is designed to use a clinic-based reproductive health program as a service delivery model to educate and advise women at high risk of contracting AIDS. Findings from these activities should begin to be available by September 1988 and will be used to design action programs to help Peru cope with what is rapidly becoming a major health problem and priority in the country. PAHO plans to convene a three-day workshop in February 1988 to develop a "country plan" for AIDS, and USAID, PAHO and the GOP are anticipating visits to Peru in March 1988 of representatives of two AID/W centrally-funded AIDS projects to assist the GOP to design a national program to educate Peruvians about AIDS and to assist the Mission to further define its strategy and program of activities in AIDS.

Adequate OYB funding levels in the Population account continue to represent a serious problem for the Peru Mission, especially to support our private sector family planning efforts. Obligation levels projected for the SPF Project in FY 1988 and FY 1989 are well below what are required and what were originally planned for at the time the project was designed and approved. And, it is not clear how the Mission will be able to accommodate the critically important follow-on CSM Project in FY 1989 without a significant augmentation in the Population DA account. Additional population funding for FY 1989 and FY 1990 is an urgent priority. In addition, the family planning effort in Peru will continue to depend on substantial levels of support from the AID/W centrally-funded family planning agencies. To this end, the Mission will continue to work closely with these agencies to encourage expanded investment in family planning programs in Peru which complement and enhance the impact of activities under our bilateral programs.

OBJECTIVE No. 9: IMPROVE HEALTH AND HEALTH SERVICES

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
A. Percent of Population with Access to Clean Drinking Water -- Total							
- Rural (Towns with up to 2,000 inhabitants)	16.7%	19.8%	22.3%	21.3%	23.7%	26.1%	28.5%
B. Percent of Population with Access to Adequate Sanitation -- Total							
- Rural (same population)	12.5%	13.2%	16.6%	15.2%	18.4%	19.8%	21.3%

2. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
A. Number of People Served by New Potable Water Systems under A.I.D. Suported Programs (annual increments)							
- Rural (Towns with 100-500 inhabitants) (cumulative percentage)	49,468 (5.6)	63,242 (8.1)	150,850 (15.0)	85,803 (12.4)	90,000 (16.1)	70,000 (19.3)	70,000 (21.9)
- Rural Water Systems Constructed	174	156	300 (100)a/	241 (84)a/	300 (100)a/	250 (100)a/	250
B. Number of Persons Served by New Sanitation Services (latrines only) under A.I.D. Supported Programs (annual increments)							
- Rural (Towns with 100-500 inhabitants) (cumulative percentage)	15,680 (1.4)	27,416 (4.2)	103,500 (11.3)	63,940 (9.5)	60,000 (14.1)	50,000 (18.0)	50,000 (19.5)
- Latrines Installed	5,102	4,574	18,000	12,788	21,000	17,500	7,000

a/ Additional water systems still under construction.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

Target	Planned Quarter/Year	Actual Quarter/Year	Discussion
1. Allocate required GOP counterpart resources to fully fund Project activities scheduled for CY 1988	2Q/FY 88 thru 1Q/FY 89	2Q/FY 88	Results greatly surpassed expectations. DISABAR, the MOH implementing agency, requested $3,268,000, in local currency counterpart funds, but Congress increased this level and approved the amount of $6,476,546 (198%) to cover CY 1988 Project activities. This is an indication of the high priority that the GOP places on the Project and its desire to significantly increase and expand the provision of potable water and sanitation services to small communities of Peru. It remains to be seen whether or not DISABAR has the technical and administrative capability to manage the increased budget.
2. Maintain salaries of DISABAR's Project employees at levels competitive with other public and private institutions	4Q/FY 87 thru 1Q/FY 88	2Q/FY 88	Target partially achieved. During CY 1987, DISABAR Project employees benefited from a 55% cumulative salary increase (30% effective 4/1/87 and 25% effective 10/1/87). Because these increases did not compensate for the 115% inflation rate for CY 1987, the salary levels continue to be non-competitive with other public and private institutions where salaries tend to keep pace with inflation.
3. Strengthen and increase MOH support for Project decentralization	2Q/FY 88	2Q/FY 88	In January 1988, a Ministerial Resolution established the MOH Regional Investment Office to facilitate decentralization.
4. Allow DISABAR to function as an autonomous and decentralized agency with full financial management autonomy from the MOH's National Investment System	4Q/FY 87	2Q/FY 88	Target was partially achieved. DISABAR has its own adminstrative and accounting office, but as one of the three Divisions of the MOH's National Investment System, all its financial transactions are supervised by the System.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN (Cont'd)

	Target	Planned Quarter/Year	Actual Quarter/Year	Discussion
5.	Complementary purchase of engineering/topographical equipment and vehicles completed	1Q/FY 88	2Q/FY 88	
6.	Twenty DISABAR project field offices fully implemented with adequate facilities, personnel, equipment and vehicles	2Q/FY 88	2Q/FY 88	18 DISABAR project field offices implemented with two offices still under construction.
7.	650 water systems constructed and 20,000 latrines installed (cumulative)	1Q/FY 88	2Q/FY 88	
8.	The annual national project evaluation/planning seminar conducted	1Q/FY 88	2Q/FY 88	
9.	A total of 300 water systems constructed and 18,000 latrines installed during CY 1987	2Q/FY 87 thru 1Q/FY 88	1Q/FY 88	Only 241 (80%) water systems and 12,788 (71%) latrines were constructed during CY 1987 mainly due to delays in completing the construction of two DISABAR project field offices and in receiving the last annual disbursement of counterpart funds from the Peruvian National Treasury.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
1. Allocate required GOP counterpart resources to fully fund Project activities scheduled for CY 1989.	2Q/FY 89
2. Maintain the salaries of DISABAR Project employees at levels competitive with other public and private institutions.	3Q/FY 88 - 3Q/FY 89
3. Strengthen and increase MOH support for project decentralization.	3Q/FY 88
4. Initiate discussions with MOH on preliminary ideas for rural water follow-on project.	4Q/FY 88

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
1. Project financial management review conducted.	3Q/FY 88
2. Twenty DISABAR field offices fully implemented.	1Q/FY 89
3. 900 water systems constructed and 35,000 latrines installed (cumulative).	1Q/FY 89
4. Required annual GOP counterpart financial resources allocated.	2Q/FY 89
5. Health impact operational research study initiated.	3Q/FY 88
6. Fully develop and implement the health education component of the Project.	2Q/FY 89
7. Request AID/W approval of a one-year PACD extension to June 30, 1990.	3Q/FY 88

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) Ongoing (O)	Type of Funding	LOP ($000)	L/G/ LC	Obligations			
						Cumulative through FY 1987	FY 1988	FY 1989	FY 1990
Rural Water Systems and Environmental Sanitation	0221	O	DA	11,000	L&G	11,000	—	—	—
			LC	—	LC	(3,447)	(5,866)	(2,500)	(2,500)
Integrated Family Planning and Health a/	0230	O	DA	4,000 a/	L	4,000	—	—	—
			LC	—	LC	(2,724)	—	—	—
AID/SCI Health and Nutrition Grants b/	AID/SCI	O	DA-AID/W	589 b/	G	589	—	—	—

a/ Project 0230 is divided among Objectives No. 8 and No. 9.
b/ Funds not allotted to Mission.

7. NARRATIVE

The Government of Peru's Basic Rural Sanitation Law, which was passed in 1961, approved the first National Rural Potable Water Plan of the MOH with the main objective of providing potable water and sanitation services to all rural communities with up to 2,000 inhabitants. The Plan, which was divided into four phases, was supported during the first 20 years by several international donors, including PAHO, the IDB, the Dutch Government and CARE. The resources allocated to support the program were insufficient to provide adequate coverage, however, and by December 1980, only 14.4% of the total rural population and only 1.3% of the rural communities with less than 500 inhabitants had access to safe drinking water, while only 0.3% of the total rural population had sanitation disposal facilities.

The A.I.D. funded Rural Water Systems and Environmental Sanitation Project was signed in September 1980 with the purpose of building 660 water systems and 7,600 latrines in rural communities of less than 500 inhabitants. Due to significant savings on Project costs during the 1983-1985 period, the original output targets were expanded to 1,200 rural water systems and not less than 50,000 latrines. By the current PACD of June 1989, water supply coverage of the rural population living in cummunities of less than 500 people will have increased to 17.5% as a direct result of the project, while the coverage of the total rural population will have increased to 23.9%. At the same time, as a result of the A.I.D. project, sanitation facilities (latrines) will be available to approximately 15% of the total rural population. The 1987 targets were not fully achieved due to delays in completing construction of and assigning personnel to the last two DISABAR project field offices, as well as to delays in receiving the last annual disbursement of CY 1987 counterpart funds. In spite of these delays, CY 1987 was the most successful Project year to date. A total of 341 rural water system feasibility studies were completed, an additional 279 new systems were designed, and 241 new water systems and 12,788 latrines were constructed to serve 85,803 people. Projections for the remaining life of the project are considered realistic and feasible given the actions taken by DISABAR to complete implementation of the field offices and assure a timely disbursement of project counterpart funds.

The allocation of sufficient counterpart funds to cover CY 1988 project activities and the continued MOH support for the decentralization process are two policy dialogue actions that are being given high priority by the GOP. MOH officials have acknowledged the successes of this Project, while admitting that much remains to be done in this area to improve the quality of life for rural Peruvian villagers. In October 1987, the Minister publicly requested USAID support for a follow-on project. Already obligated A.I.D. Project funds combined with continued high levels of GOP counterpart funds are estimated to carry the Project through the second or third quarter of FY 1990, when the proposed Rural Water Systems II Project would begin. Accordingly, the Mission plans to request AID/W approval to extend the PACD of the current project.

An 18-24 month operational research study that will provide impact data is being planned and is expected to begin during the third quarter of FY 88. A PACD extension also is required to undertake this study during the life of the Project. The study is designed to measure the health impact of rural water systems and latrines with and without hygiene education, to demonstrate the importance of the latter intervention, and to develop specific training and community education materials to enhance Project interventions. Results of this study will be incorporated into the design of the proposed follow-on project and should also help leverage additional GOP funding for rural water and sanitation and underscore the importance of complementary community education activities.

OBJECTIVE No. 10: REDUCE INFANT AND CHILD MORTALITY

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
A. Infant Mortality Rate (up to 1 year) per 1,000 Live Births [a/]	92.7	90.5	90	88.2	86	83	80

2. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
A. Percentage of Cases of Diarrhea in Children under 5 Years of Age Treated with Prepackaged ORS under A.I.D. Supported Programs [b/]	5	4	8	4	6	8	10
B. Number in Thousands and Percentage of Children less than 5 Years of Age Immunized against Major Diseases under A.I.D. Supported Programs [c/]							
1. BCG	1,580/53	1,967/64	85%	2,228/71	2,681/85	2,719/85	2,916/90
2. DPT (Series of 3)	1,922/64	2,400/79)	80%	2,377/73	2,523/80	2,719/85	2,754/85
3. Polio (Series of 3)	1,950/65	2,442/80	80%	2,452/79	2,681/85	2,719/85	2,916/90
4. Measles	2,282/75	2,861/94	80%	2,668/86	2,681/85	2,719/85	2,916/90
C. Number of Children Fed under A.I.D. Supported Maternal/Child Health Supplementary Feeding Programs	----	----	691,165	-----	607,165[d/]	736,028	776,846

a/ Data (actuals) provided by GOP National Institute of Statistics.
b/ Data (actuals) taken from official WHO/PAHO publications.
c/ Percentages (actuals) calculated from data provided by Ministry of Health.
d/ FY 88 beneficiary figures have been reduced due to a reduction of Section 416 commodities by approximately 50% for MOH/MCH program.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

	Target	Planned Quarter/Year	Actual Quarter/year	Discussion
A.	Authorize Child Survival Action (CSA) Project 527-0285	3Q/FY 87	4Q/FY 87	
B.	National level vaccination campaign carried out	1Q/FY 88	1Q/FY 88	In November and December 1987, one-day vaccination campaigns were carried out simultaneously in all 28 national Health Departments. Because only 2 and not 3 national vaccination days were established, full coverage of DPT and polio immunizations (which require three doses for complete protection) were below the target but not significantly in the case of polio (79% instead of 80%). BCG immunizations are given to children at birth, rather than during national vaccination campaigns. Although coverage is below the targeted 85%, it has shown a steady increase from 1985 (53%) to 1986 (64%) to 1987 (71%). Given this annual progress, the target has been maintained at 85% for 1988, which is judged to be attainable.
C.	National Control of Diarreal Disease (CDD) Program established	3Q/FY 87	4Q/FY 87	
D.	National ORT campaign carried out	2Q/FY 88	2Q/FY 88	
E.	Pharmaceutical fund established	4Q/FY 87	--	USAID planned to support the MOH Essential Medicine Program under the CSA Project, but feasibility issues (pricing, raw material availability) and political sensitivities between public health officials and pharmaceutical representatives led the MOH to drop this component from the USAID project.
F.	National Health Information System expanded to 8 additional Health Departments	2Q/FY 88	4Q/FY 88	Procurement of additional computers will take place under new CSA Project. Action was delayed due to lack of technical assistance and adequate financial resources.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
A. Improve coordination and integration of activities of vertical CSA programs for mothers and children within the MOH and between the MOH and IPSS.	1Q/FY 89
B. Increase political commitment of GOP officials to polio eradication program and improve management capability of MOH immunization program and other relevant staff.	4Q/FY 88
C. Ensure continued political commitment of MOH officials to Health Information System and Active Epidemiological Surveillance System development and implementation.	2Q/FY 89
D. Explore alternatives to health care financing in both public and private sectors.	3Q/FY 89

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
A. Locally produced ORS available 12 months/year at private pharmacies and stores and through the public health care system (MOH/IPSS)	3Q/FY 88
B. Two national vaccination "days" carried out	1Q/FY 89
C. Cold chain equipment distributed and functioning in 8 Health Departments	2Q/FY 89
D. Computerized Health Information System operating with three administrative programs (financial, logistical, personnel) in 28 Health Departments	3Q/FY 89
E. One Diarrheal Disease Control and Prevention Campaign carried out	2Q/FY 89
F. Five Rehydration Unit Resource Centers established and operating in teaching hospitals	2Q/FY 89
G. Active Epidemiological Surveillance System reporting and responding to all polio outbreaks within 48 hours	1Q/FY 89
H. Inti equivalent of $3 million from PL 480 counterpart and GOP Treasury funds expended by 28 Health Departments to carry out supervision, health communications and CSA Project related training	1Q/FY 89

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD (cont.)	QUARTER/YEAR
I. USAID-purchased vehicles under previous health projects redistributed to support CSA Project activities	4Q/FY 88
J. Functional integration of MOH and IPSS health care programs proceeds on schedule and makes optimal use of available resources	2Q/FY 89
K. Management skills of public health sector workforce at mid and upper management levels strengthened	2Q/FY 89
L. Research results used to fine tune CSA programs or introduce new strategies	2Q/FY 89
M. New opportunities created for collaborative maternal-child health initiatives between private and public sector health organizations	2Q/FY 89

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N or Ongoing (O)	Type of Funding	LOP ($000)	L/G/ LC	Obligations Cumulative Through FY 1987	FY 1988	FY 1989	FY 1990
SIID - PVO Network (Child Survival Fund) (OPG)	0294	O	DA	960	G	960	--	--	--
OFASA - Expanded Feeding Prog. (Child Survival) (OPG)	0247	O	DA	175	G	175	--	--	--
CARITAS - Feeding Program (Child Survival) (OPG)	0248	O	DA	125	G	125	--	--	--
CARE - Basic Infrastructure in Pueblos Jóvenes (Child Survival) (OPG)	0261	O	DA	125	G	125	--	--	--
OPGs - Title II	9999	N (1988)	DA	1,600	G	--	280	350	350
CARE - Community Health Prog.	0297	O	DA	77	G	77	--	--	--
Child Survival Action Project a/	0285	O	DA	14,146 a/	G	1,911 a/	1,956 a/	2,111 a/	3,413.4
			LC	--	LC	00	(2,705)	(3,000)	(2,500)
IIN - Private Sector Nutr. for Child Survival	0308	O	DA	914	G	914	--	--	--
UPCH - Training MOH Physicians in ORT	0309	O	DA	161	G	161	--	--	--
PRISMA - Identif. of High Risk Families to Reduce Child Mortality (Op. Res.)	0311	O	DA	980	G	980	--	--	--
PRISMA - Niños Child Survival Journal (OPG)	0316	O	DA	213	G	213	--	--	--
PRISMA - MOH MCH Food Dist. (OPG)	0323	N 1988	DA	375 b/	G	--	75	75	75
AID/SCI Grants	936-5542 c/	O	DA-AID/W	200	G	200	--	--	--
ADDR/ST Health Grants	936-5928 c/	O	DA-AID/W	265	G	265	--	--	--

a/ Project 0285 is divided between Objectives No. 8 and No. 10.
b/ Project 0323 is divided between objectives No. 10 and No. 16
c/ Funds not allotted to Mission.

7. NARRATIVE

In order to significantly reduce the infant mortality rate (which is highest in the rural sierra), the public health institutions (MOH and IPSS) must increase coverage and improve basic preventive and curative health services provided to mothers and children who are living in the rural areas of Peru. Health centers and health posts need to be established and equipped in rural areas to increase the target population's access to services. Health personnel, especially nurses and auxiliaries, must be trained and supplied with adequate resources to provide: 1) full vaccination coverage for children and pregnant women; 2) sufficient amounts of prepackaged ORS for prevention of dehydration due to diarrhea for children under five years of age; 3) modern contraceptives for couples who wish to defer or avoid pregnancies; and, 4) medicines and curative treatment for infants and children suffering from acute respiratory infections. Training and supervision activities must be undertaken on a regular basis to support the workers at the primary health care (health post and health center) level.

The public health sector has committed itself to increase support to decentralized Health Departments by providing significant amounts of local currency to finance supervision visits and training, more access to vehicles to strengthen the logistic system and facilitate supervision visits for maternal and child health programs, and increased authority to develop programs and budgets that respond to local needs. In signing the CSA Project Agreement on September 29, 1987, the GOP authorized $25 million in additional counterpart funds to finance these costs. Securing, disbursing and expending the counterpart funds will require strong GOP political support, skillful financial management and dedicated technical personnel. This theme will be an on-going policy dialogue action.

Other policy dialogue actions will focus on improving the integration of MOH and IPSS health programs and on implementing vertically programed CSA activities in a coordinated manner. Due to changes in legislation, IPSS overall coverage has increased significantly from 18% of the Peruvian population in 1984 to almost 30% by the end of 1987. The expansion of coverage to children (dependents) resulted in the inclusion of IPSS in the CSA Project. At the same time, the MOH and IPSS are in the process of integrating their services, such that IPSS will administer the majority of public sector hospitals, while the MOH will focus on service delivery at health centers and health posts. As IPSS continues to expand coverage in urban areas, the MOH urban coverage should decline, and, therefore, the MOH resources should shift to the now uncovered rural areas. The CSA Project, by developing improved, computerized Information and Epidemiological Surveillance Systems, will be able to measure and evaluate the extent of this shift and its impact on reducing infant mortality risk factors.

In addition to the CSA Project, the Mission health portfolio includes several innovative research and training activities, all of which are joint efforts between private organizations and/or universities with public health workers from MOH Health Departments, hospitals, health centers and posts. Collaborative research and training opportunities will be expanded to other areas of Peru outside of Lima under the proposed FY 1989 Private Sector Child Survival Project.

7. NARRATIVE (cont.)

There are numerous problems in the health sector which hinder rapid progress. Functional integration of IPSS and MOH systems is a slow and politically sensitive process. Different salary levels between IPSS and MOH personnel are a cause of job dissatisfaction, which resulted in a 54 day strike by MOH workers in 1987. Changes in leadership at the highest levels of the MOH and IPSS over the past two and a half years have unfavorably influenced the implementation of child survival activities. Central level managers of priority health programs have limited management and field experience and do not readily delegate programing and budgeting authority to the managers at the Health Department level. Peru's difficult geography, lack of adequate communication links, proneness to natural disasters and expansion of terrorist actions severely limit the rapid expansion of primary health care services to the rural areas.

In addition to nutrition and population activities detailed in other sections, priority activities that will increase coverage rates for vaccinations, improve the outcomes of diarrheal illness by reducing death due to dehydration, and increase and improve treatment of acute respiratory infections in children less than five years of age, are all jointly supported by USAID, UNICEF and PAHO, as well as by other bilateral donors and private sector organizations. All of these organizations support the goals and objectives of the Maternal-Child Health Programs of the MOH in a coordinated manner to ensure that all of the program needs are met and duplication is avoided. For instance, A.I.D. is supporting the local production, improved packaging and marketing of ORS, while UNICEF is financing the health communications messages and materials development for the 1988 DDC campaign, and PAHO is providing training materials for health workers. In addition, USAID financed training for physician and nurse teams through a grant to Universidad Peruana Cayetano Heredia (UPCH), which was complemented by MOH funds that financed the per diem and travel expenses of the 72 health professionals who attend the courses. UNICEF now plans to finance additional training of MOH staff by the UPCH training team. Donor coordination is facilitated by regular meetings between MOH officials and representatives of major donor agencies, where program plans are developed, progress is reviewed and problems and solutions are identified and discussed.

An addition to progress evaluations, which are scheduled for several of the private sector projects (PRISMA, SIID and UPCH), the CSA Project includes regular (tier two) evaluation activities such as KAP surveys, that will allow project managers to fine tune the technical content and implementation of the CSA programs. By developing the Epidemiology Surveillance System and Health Information System, the Project will generate data needed to evaluate outputs and impact in a timely manner.

The outstanding mortgage on the CSA Project has been increased due to the limited funds allocated to the Project in FY 87 and 88. Financing of the Private Sector Project is problematical given the present trends. Progress toward reducing the infant mortality rate in Peru will lose momentum if adequate funding levels cannot be maintained. In particular, insufficient funding will hinder the activities which support the eradication of polio in Peru (and the Americas) by the year 1990, and this objective might not be achieved. USAID is taking advantage of centrally-funded activities to augment its resource base and increase the impact of bilaterally-funded activities.

OBJECTIVE NO. 16: ALLEVIATE MALNUTRITION

1. COUNTRY DEVELOPMENT TRENDS INDICATORS

A. Chronic Malnutrition (Children 0-5) (Weight for height is 2 standard deviations or more below normal) %

	1984 Actual	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
1. All Peru	38	- a/	- a/	34%	- a/	33%	32.5%	32%
2. Rural	57	- a/	- a/	50%	- a/	49%	48%	47%
3. Urban	24	- a/	- a/	22%	- a/	21%	21%	20%

B. % Population at FAO adequate caloric intake level or above (information not available, but local FAO office informed us that current FAO-National Planning Institute (INP) project will provide this information in the future).

a/ Last National Nutrition/Health Survey was conducted in 1984, and a national epidemiological/nutritional surveillance system is not expected to be operational before 1990.

2. A.I.D. PROGRAM PERFORMANCE INDICATORS

A. PL-480 Title II/Section 416 Food Recipients

	1984 Actual	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
1. Rural (% by area)		60% b/	62% b/	64% b/	- c/	65% b/	69% b/	73% b/
2. Urban (% by area)		40% b/	38% b/	36% b/	- c/	35% b/	31% b/	27% b/
3. MCH Children Beneficiaries (No.)		- c/	- c/	691,301	- c/	607,165 d/	736,028	776,846

b/ Includes only PVO figures. MOH figures are not available.
c/ Actual figures are not available.
d/ Difference between projected FY 1987 and FY 1988 beneficiary figures is due to reduction in availability of Section 416 commodities by approximately 50% for MOH/MCH program.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN:

A. PL-480 Title I and Section 416 Sugar Quota

The PL-480 Title I agreement was signed in July, 1987, and the Section 416 Sugar Quota offset agreement in November, 1987. It was not possible to negotiate a Section 108 agreement as part of the Title I agreement. The GOP has paid arrearages on prior agreements, easing preparations for the new agreement. The GOP negotiated revised self-help measures that are more precise and better guides to action. The sales proceeds have been programmed for AID supported projects, and self-help measures, as desired by the Mission with the collaboration of the Ministry of Finance and Economics (MEF). Since the MEF has successfully enforced the provision that all net sales proceeds will go into the special account, additional funds will be available for programming. This has caused opposition in the Ministry of Agriculture, which wanted the funds for price support programs. The negotiations on use of the counterpart funds and negotiations for the new agreement will allow the Mission to bring the policy issues emphasized in the self-help measures to the fore, and it expects to mobilize support for its position from the MEF and the agricultural policy unit.

B. PL-480 Title II

- Title II monetization proposal approved, $1.8 million in local currency generations deposited, and implementation of the program has begun with the GOP and the PVOs.
- PVO CARE selected as new sponsor of PRAA reforestation program; OPG due to be signed February, 1988.
- Partial implementation of nutrition surveillance system begun by some PVOs and MOH Departmental Health Units.
- Second phase of IIN training courses for PVO nutritionists and promotors underway.
- PVO program proposals and integrated budgets received and are being implemented and monitored.
- Local level baseline data for growth surveillance of at-risk infants 0-5 in Title II Program being recorded, but collection and consolidation of data at regional and national level has not begun.
- Uniform reporting system to evaluate PL-480 Title II Program Impact will not be operational until end of FY 1988.
- PVOs have improved staffing to meet program expansion requirements.

C. Section 416

Follow-on agreement approved and implementation begun; GOP bureaucratic complications have caused five-month delay in arrival of food commodities.

D. Child Survival

MOH nationwide epidemiological/nutritional surveillance system not expected to be operational before 1990.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	Quarter/Year
A. PL-480 Title I	
- The policy dialogue will continue to be on agricultural support prices, sales prices policy, and food subsidies, along with the other topics of agricultural marketing, non-traditional agricultural exports, and support of the Agricultural Technology Transformation and Agricultural Policy projects. Policy dialogue on support prices will be included in negotiations over use of counterpart, where the GOP must provide comprehensive information on its projects before the USAID will agree to use of counterpart, and will continue during negotiation of the new PL-480 Title I agreement.	3Q/FY 88
- Continue policy dialogue during negotiations on 1989 counterpart use.	1Q/FY 89
- Continue policy dialogue during negotiation of FY 1989 Title I agreement.	3Q/FY 89
B. PL-480 Title II	
- Monitor continued shift of emphasis of PVO programs to the rural areas.	1Q/FY 89
- Formulate and standardize nutritionally adequate ration mixes to meet Title II program goals.	4Q/FY 88
- Select appropriate commodities for Title II program categories based on study results.	3Q/FY 88
C. Section 416	
- Assure continuation of current Section 416 MOH/MCH Supplementary Feeding Program by developing follow-on Title II program with new PVO.	4Q/FY 88
- Monitor continued shift of emphasis from school feeding to MCH under AID supported feeding program with eventual total phase-out of school feeding.	2Q/FY 89

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR ACTION PLAN PERIOD	Quarter/Year
A. PL-480 Title I and Section 416 Sugar Quota	
- Negotiate and sign FY 88 Title I agreement.	3Q/FY 88
- Allocate sales proceeds to self-help measures, USAID projects and GOP agricultural/rural projects.	1Q/FY 89
- Negotiate and sign FY 89 Title I agreement.	2Q/FY 89
B. PL-480 Title II	
- Negotiate reforestation project with new PVO sponsor, incorporate improvements in redesign of project with counterpart agencies, secure food commodity requirements.	2Q/FY 88
- Close-out the SEPAS OPG 527-0231.	2Q/FY 88
- Extend on-going OPGs with CARE, ADRA/OFASA, and CRS/CARITAS to September 30, 1988.	2Q/FY 88
- Draft new PVO program proposals (as part of multi-year operational plan update exercise) linking concrete objectives with an integrated budget of PVO, Title I and Section 416, OPG, and monetized resources.	3Q/FY 88
- Analyze commodity requirements and availabilities and identify the most appropriate commodity types and levels for food assistance programs in Peru in FY 1989.	3Q/FY 88
- Implement a feasibility/needs assessment study and possible development of a new food assistance program for IPSS in conjunction with the MOH program with PRISMA.	3Q/FY 88
- Design and install in the FFD Division a computerized inland commodity tracking system, a financial management tracking system and a system to monitor outputs and beneficiary targets.	4Q/FY 88
- Develop, obligate funds, and secure food commodities for a new Title II MOH/MCH Supplementary Feeding Program with a new PVO (PRISMA) to replace the Section 416 Program with the MOH.	3Q/FY 88
- Implement a feasibility study of a new Monetization/Rural Credit and Community Development Program with a new PVO.	3Q/FY 88
- Implement a PVO planning, programming and management needs assessment study.	3Q/FY 88
- Sign new multi-year OPG agreements with PVOs CARE, ADRA/OFASA and CARITAS.	4Q/FY 88
- Develop, obligate funds, and secure food commodities for the Monetization/Rural Credit Program if study demonstrates feasibility of program and funds are available.	2Q/FY 89
- Implement PVO programming and evaluation workshops.	1Q/FY 89
- Standardize beneficiary data collection and reporting by PVOs and collect data to evaluate PL-480 Title II program impact.	2Q/FY 89
C. Section 416	
- Secure approval of an FY 1988 Section 416 monetization proposal for the PVOs.	4Q/FY 88
D. Child Survival	
- Continue second phase of IIN training course for PVO nutritionists and promoters.	2Q/FY 88
- Collect baseline data for growth surveillance of at-risk infants 0-5 in Title II Program.	3Q/FY 88

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing (O)	Type of Funding	LOP ($000)	L/G/ LC	Obligations			
						Cumulative through FY 1987	FY 1988	FY 1989	FY 1990
IIN - Food Commodity Study	0000	N 1988	DA	30	G	--	30	--	--
Title II MOH/MCH and IPSS Supplementary Feeding Program Study	0000	N 1988	DA	30	G	--	30	--	--
PVO Planning/Management Needs Assessment	0000	N 1988	DA	30 a/	G	--	30 a/	--	--
OFASA - Expanded Feeding Program (OPG)	0247	O	DA	1,270	G	1,270	--	--	--
			LC	--	LC	(722)	(751)	(750)	(750)
CARITAS-Feeding Program (OPG)	0248	O	DA	525	G	525	--	--	--
			LC	--	LC	(1,889)	(848)	(850)	(850)
CARE - Basic Infrastructure in Pueblos Jóvenes (OPG)	0261	O	DA	850	G	850	--	--	--
OPGs - Title II	9999	N 1988	DA	1,434 b/	G	--	314 b/	28[illegible]	340
PVO Food Programs g/	----	O	LC	--	LC	--	(5,442)	(4,508)	(6,050)
PRISMA - MOH/MCH Supplementary Feeding Program (OPG)	0323	N 1988	DA	375h/	G	--	75	75	75
PL-480 Title I	----	O	PL-480-I	N/A	L	204,360c/	10,000	16,000	20,000
PL-480 Title II PVOs	----	O	PL-480-II	N/A	G	136,200	8,152	9,004d/	12,000
Section 416	----	O	Section 416	--	G	31,700e/	2,000f/	3,000f/	3,000f/
Section 416 - Sugar Quota	----	-	Section 416	--	G	5,500	10,800	--	--

a/ Deob-Reob funds from prior year PD&S funds.
b/ Includes approximately $200,000 deob from OPG SEPAS, project 527-0231.
c/ FY 78-FY 87.
d/ Figure represents CP level. Additional $3.0 million will be needed for PRISMA-MOH/MCH Supplementary Feeding Program, formerly under Section 416.
e/ $800,000 for CARE 1984 Emergency Feeding Program, $30.9 million for MOH Supplementary Feeding Program.
f/ Section 416 Monetization in support of PVO programs.
g/ TitleI, Title II, and Section 416 sales proceeds for PVOs and GOP agencies.
h/ Project 0323 is divided between objectives No. 10 and No. 16.

7. Narrative

Since the last Action Plan period, major resource investments have been made by the GOP and private institutions to intensify child survival activities and expand coverage to rural areas. Agriculture production increased 5.8% in 1987.2/ The GOP estimates that the increase for 1988, 1989 and 1990 will be between 5.5 and 6.4% annually. These resource investments and income increases should have helped alleviate malnutrition. Data, however, are not readily available to confirm this as the planned nationwide epidemiological/nutritional surveillance system designed to track changes from the baseline ENNSA study levels of 1984 is not expected to be operational before 1990. In the meantime, some localized surveillance systems are being developed and implemented. One system being developed by the Nutrition Research Institute (IIN) will be used to monitor PL 480 Title II Mother/Child Survival programs of cooperating PVOs (CARITAS and ADRA/OFASA at present). The system is scheduled to be fully implemented in early April 1988. Another system is being developed for use in the southern urban slums of Lima. The pilot study was completed, and implementation of the system has begun in the region covered by the southern Lima Health Unit. Full operation of this surveillance system will be achieved in approximately one and a half years. Other studies aimed at identifying nutrition trends have been conducted in localized areas of the country, and results in general reveal that the severe levels of malnutrition identified in 1984 have persisted. One study conducted by IIN during 1985 and 1986 in the Department of Ancash showed no significant changes in nutritional levels during the first years following the 1984 survey. Another study conducted by the Ministry of Health and other cooperating entities in the southern slums of Lima concluded that in 1986, malnutrition was the number 10 cause of death among children under one year of age, whereas in 1985 it was not included among the top ten causes of infant mortality.

A major USAID supported effort to combat malnutrition in Peru is the Section 416 Supplementary Feeding Program with the Ministry of Health. In late September 1987, the FVA/FFP Bureau in AID/W sent a consultant to Peru to evaluate the Program as part of a worldwide Section 416 Program evaluation effort. As pointed out in the USAID/Peru Food for Development Program Review Document, the consultant identified serious administrative, technical and management deficiencies in the Program, but, at the same time, strongly recommended the continuation of the Program, given the magnitude of the malnutrition problem in Peru nationwide and the potential impact of the Program. She recommended several feasible and appropriate corrective actions which have guided the reformulation of the supplementary feeding program as a Title II Program with a PVO technically skilled in the design, implementation, management and evaluation of health and nutrition programs to work with the MOH. To continue support of the Program, the Mission is proposing the use of appropriate Title II food commodities for distribution and the use of Child Survival funds for the OPG with the PVO, at an estimated annual level of $150,000 over 5 years or $750,000.

In light of OYB funding constraints, the Mission will have to rely increasingly on counterpart generations under Title I and Title II/Section 416 monetization programs to continue support to the food-assisted PVOs. Accordingly, we are planning to request a Title II or Section 416 monetization program for both FY 1988 and FY 1989.

The successful negotiation and obligation of the new Agricultural Technology Transformation project will allow implementation to start in FY 88. The USAID will provide continued support to the agricultural policy unit in the Ministry of Agriculture. These are favorable actions toward achieving increased agricultural output, and reduction of malnutrition.

Food policy issues are expected to become more critical in FY 88 and the Action Plan period, as lack of foreign exchange and the need for fiscal restraint prevent following the policies of the last two years. This will present an opportunity as well as a challenge for the USAID to use its projects and PL-480 program in the policy dialogue to get better calibrated and more sustainable food policies adopted in Peru.

1/ Unofficial estimates.
2/ Official GOP figure for the January-September, 1987, period. Unofficial sources estimate a 4.1% increase for 1987.

OBJECTIVE No. 13: INCREASE NUMBERS AND IMPROVE EFFECTIVENESS OF PARTICIPANT TRAINING

1. A.I.D. PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
A. Number of Persons Beginning Training Programs under CLASP a/							
1. Short-Term (up to 9 months) -- Total	N/A	34	68	21	119	75	79
a. Men	--	28	34	5	77	44	44
b. Women	--	6	34	16	42	31	35
2. Long-Term (more than 9 months) -- Total	N/A	9	5	4	25	57	44
a. Men	--	5	2	3	16	37	29
b. Women	--	4	3	1	9	20	15
SUB-TOTAL	--	43	73	25	144	132	123
B. Number of Persons Beginning Training under Other (Non-CLASP) Programs							
1. Short-Term (up to 9 months) -- Total	90	72	76	36	72	84	81
a. Men	70	54	57	28	40	43	38
b. Women	20	18	19	8	32	41	43
2. Long-Term (more than 9 months) -- Total	31	6	72	17	23	26	20
a. Men	23	6	53	10	13	14	9
b. Women	8	-	19	7	10	12	11
SUB-TOTAL	121	78	148	53	95	110	101
GRAND TOTAL	(121)	(121)	(221)	(78)	(239)	(242)	(224)
a. Men	93	91	146	41	146	138	120
b. Women	28	30	75	37	93	104	104

a/ Data for FY 86 and FY 87 correspond only to LAC II.

2. PERFORMANCE UNDER LAC INDICATORS	FY 86 Actual	FY 87 Proj.	FY 87 Actual	FY 88 Projected	FY 89 Projected	FY 90 Proj.
A. TRAINING INITIATIVES II 598-0640: Number of Persons Beginning Training Programs						
1. Short-Term (up to 9 months) -- Total	34	68	21	51	16	--
a. Men	28	34	5	42	8	--
b. Women	6	34	16	9	8	--
2. Long-Term (more than 9 months) -- Total	9	5	4	7	2	--
a. Men	5	2	3	4	1	--
b. Women	4	3	1	3	1	--
TOTAL	43	73	25	58	18	--
B. ANDEAN PEACE SCHOLARS: Number of Persons Beginning Training Programs						
1. Short-Term (up to 9 months) -- Total	--	--	--	68	59	79
a. Men	--	--	--	35	36	44
b. Women	--	--	--	33	23	35
2. Long-term (more than 9 months) -- Total	--	--	--	18	55	44
a. Men	--	--	--	12	36	29
b. Women	--	--	--	6	19	15
TOTAL	--	--	--	86	114	123
TOTAL	(43)	(73)	(25)	(144)	(132)	(123)
a. Men	33	36	8	93	81	73
b. Women	10	37	17	51	51	50

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN

PLANNED FY 87 TARGETS	ACTUAL ACCOMPLISHMENTS	REASONS FOR DEPARTING FROM TARGETS
A. LAC II 73 participants	LAC II 25 participants	The Mission's LAC II Project Manager resigned unexpectedly in December 1986, and a replacement was not hired; start-up arrangements for the NAPA CONFIEP Programs and the Israel Training Program through INP took longer than had been originally anticipated; INP experienced difficulty in obtaining sufficient PL 480 I counterpart funds in a timely manner to finance international travel of participants; the GOP official who chaired the Public Sector Training Committee retired unexpectedly and implementation lagged until his replacement was named and the latter became familiar with the project and its procedures.
B. APSP 214 participants	No participants	The AID/W regional umbrella contract with Development Associates for participant placement and monitoring services in the U.S. and the Mission contract with the Fulbright Commission (which was subsequently terminated in December 1987-see Annex 12) for local support services were not signed until the end of September 1987. The first group of Peruvian APSP participants will be sent in FY 1988.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD

N/A

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD

See Section III-E, Country Training Plan Update-1989.

6. PROJECTS SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing (O)	Type of Funding	LOP ($000)	L/G/LC	Obligations			
						Cumulative through FY 1987	FY 1988	FY 1989	FY 1990
Andean Peace Scholarship	0313	O	DA ESF	6,358	G	1,033 a/	1,700	2,500	1,125
LAC Training Intiatives II	598-0640	O	DA-AID/W LC	1,299 —	G LC	1,299 (120)	— (102)	— —	— —

- A Host of Bilaterally Funded Projects with Overseas Training Components

- Various Regionally/Centrally Funded Projects

a/ Includes $333,000 ESF funds obligated by AID/W.

7. NARRATIVE:

The Mission is currently implementing two CLASP programs: LAC II and APSP. Since submission of the previous Action Plan, considerable progress has been made in all three components of LAC II. The USAID/INP Committee is now meeting regularly, and the INP has assured the Mission that funds will be made available in a timely manner for the purchase of international air tickets. Fifteen FY 88 participants under this component are already in training, and another five have just been approved by the Committee. Negotiations with U.S. contractors are underway to send 20 CONFIEP participants (members of the Chambers of Commerce and Trade Associations) for short-term training in the U.S. Three young entrepreneurs, two females and one male, will likewise depart for training between March and April 1988. The 12 farmers programmed to receive training in Texas under the NAPA agreement departed in late January.

For reasons explained in Annex 12, no APSP participants have departed to date. However, despite lack of personnel and other administrative difficulties, the Mission has begun contacting intermediaries and coordinating with USIS in order to identify candidates for the FY 88 proposed training programs. The Mission also has already prepared a detailed training plan for both short-term and long-term training for the projected 86 participants in FY 88. The first group of APSP participants is scheduled to depart in April.

The Mission's NON-CLASP Programs continue to support short-term and long-term training in priority development sectors under a host of bilaterally funded projects with overseas training components and various regionally/centrally funded projects.

OBJECTIVE No. 14: STRENGTHEN DEMOCRATIC INSTITUTIONS - THE JUDICIAL SYSTEM

1. COUNTRY DEVELOPMENT TRENDS INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
A. Strengthen Court Systems							
Establishment of Management Information System (MIS) for overall court administration	N/A	N/A	Design of judicial statistics system	Feasibility study begun	Pilot judicial statistics effort	Court Management Program designed and applied in 1 court district	Judicial statistics and court management systems expanded to 3-4 court districts
B. Development of Institutions which Improve Administration of Justice							
Development of Coordinated Planning System for Administration of Justice Reform	N/A	N/A	Institutional Short Term Plans	Plans at Sub-project Level	Institutional Short Term Plans Developed	Institutional Medium Term Plans. Discussions begin on coordination of Institutional Plans	Institutional Long Term Plans. Mechanism Developed to elaborate Medium Term Sectoral Plan

2. AID PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
A. Strengthen Court Systems							
1. Judges, Fiscales and support personnel trained	N/A	0	50	400	600	700	700
2. Courts and Public Prosecutors Offices provided with basic equipment	N/A	0	20	4	20	40	40
B. Organizational Development of Institutions Dedicated to Improving Administration of Justice							
1. Legal Information offices in operation	N/A	0	15	18	30	40	40
2. Formation of National Commission and meetings of same	--	--	Formation 4 meetings	Formation 3 meetings	6 meetings	10 meetings	12
3. Judicial information system implemented	N/A	N/A	Study	Study begun	Study completed Pilot Project begun	Pilot Project completed and Evaluated	Pilot Project Expanded

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND 1988

A. Sector assessment to be completed by 3Q/FY87. Due to problems in coordinating efforts of three implementing agencies overseeing study, sector assessment has just started. Revised plan is to finish study by 3Q/FY88.

B. Academia de la Magistratura (training judges) to be established and first courses begun by 3Q/FY87. Courses begun in 3Q/FY87, but formal establishment of Academia still pending due to internal disputes in Supreme Court. Disputes now seem to be resolved and Court proposes to formally establish Academia by 3Q/FY88, building on existing series of courses.

C. Instituto de la Fiscalia (training public prosecutors) upgraded and first courses begin by 3Q/FY87. Goal met with establishment of small team to plan and implement 5 short courses held in CY87.

D. Feasibility study for judicial information system to be completed and pilot project designed and begun by 2Q/87. Feasibility study delayed due to problems in coordinating supervisory efforts of three implementing agencies. Study begun in 1Q/FY88 and scheduled for completion 3Q/88 after which pilot project will be designed and implemented.

E. Eight (8) legal information offices to be established outside Lima by 4Q/87. Six (6) provincial offices established by 4Q/87. Implementation of additional offices postponed pending evaluation of existing efforts and submission of new plan for CY88.

F. 20 courts and 20 fiscalias outside of Lima provided with basic equipment, by 4Q/87. Advances here slower than planned due to implementing agencies' difficulty in complying with GOP and USG regulations for purchases and their failure to make adequate provision for price increases (effects of devaluations and internal inflation). Only part of scheduled purchases were made and goods will be distributed to some, but not all, provincial offices in 2Q/FY88.

G. Pilot project for judicial information system evaluated and expanded by 2Q/88. Progress here held back by delayed implementation of feasibility study noted in D above. New date of 3Q/FY89.

H. Academia de la Magistratura and Instituto de la Fiscalia each operating at full scale in Lima by 3Q/88. Activity now on schedule and seems likely to move ahead more rapidly then programmed because of high priority now assigned by implementing agencies.

I. Legal Information program reviewed and 10 additional offices established outside Lima by 4Q/88. Activity on schedule because of high priority given by Ministry of Justice.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD	QUARTER/YEAR
Continuing discussions with highest levels of GOP to sustain continued interest in and commitment to improving the administration of justice throughout Peru. Over the long run, two issues are critical here. The first, is the necessity that the GOP develop its own short, medium and long range plans for reforming the sector. The existence of such plans at the institutional level, at least as a set of interrelated priorities and a first cut at a strategy for realizing them, is being stressed in the on-going preparation of CY 1988 subproject operating plans. The Project Coordinating Office is emphasizing the promotion of effective institutional planning teams and assisting in their training. Discussions of the Project with National Commission members are placing more emphasis on the importance of planning discrete activities within the context of an overall institutional and sectoral plan, and stressing the role that Commission members, individually and collectively, should have in this process. Further steps involve greater institutionalization of the Commission as a decision-making body and efforts to encourage it to focus discussions on sectoral planning.	Introduced incrementally from I/88 on
The second issue, and one which must be introduced more slowly is the need for the GOP to channel more resources to the sector, and to ensure that these are used in the most rational manner possible. The project itself is working to enhance the capability for rational resource use, but it is evident that over the medium and long run more resources will be needed and that in the end most of these must come from the GOP. One concrete step begun in 1988 is to emphasize that operating expenses for Project activities come out of GOP counterpart, thus preparing the way for GOP support of these activities after Project termination. A second step, and one involving the promotion of sectoral plans, is to encourage the formulation of plans that go beyond the Project (in terms of time and resources) and to suggest that alternative funding sources (whether the GOP or other donors) be explored. An eventual third step will be to take up these discussions outside the sector with other GOP actors.	Introduced incrementally from I/88 on

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
A. Workshop on legislative data base	2Q/FY88
B. Feasibility study for judicial information system completed and pilot project designed.	3Q/FY88
C. PP Supplement developed and second Amendment signed adding $500,000 in grant and $500,000 in counterpart and extending LOP by one year	3Q/FY88
D. Sector Assessment completed.	3Q/FY88
E. Academia de la Magistratura (training judges) and Instituto de la Fiscalia (training public prosecutors) each operating at full scale in Lima.	3Q/FY88
F. Legal information program reviewed, improved supervisory system introduced, and 10 additional offices established outside Lima.	4Q/FY88
G. Mid-term evaluation of Project	4Q/FY88
H. Integrated program in legal and human rights training developed and coordinated with legal information offices.	4Q/FY88
I. Regional liaison system established for implementing and coordinating Project efforts outside of Lima. Academia de la Magistratura and Instituto de la Fiscalia coordinate their regional training programs through system.	4Q/FY88
J. Program for improving court management begins implementation at pilot level.	1Q/FY89
K. Review of professional training programs (Academia and Instituto) conducted and findings used for readjustments	2Q/FY89
L. Pilot judicial information system implemented and evaluated.	3Q/FY89
M. PP Supplement incorporating legislative component developed and third amendment to project signed	3Q/FY89
N. Institutional Reform Program developed and discussion of sector-wide Program (Coordination of Institutional Plans) begins.	3Q/FY89
O. Legislative Data Base implemented	4Q/FY89
P. Legal information program now at national level with 1 office in every department and system in place for outreach to populations outside departmental capitals	4Q/FY89

6. PROJECT SUPPORTING OBJECTIVE

Title	Number	New (N) or Ongoing (O)	Type of Funding	LOP ($1000)	L/G/LC	Obligations Cummulative through FY 1987	Obligations FY 1988	Obligations FY 1989	Obligations FY 1990
Administration of Justice	0303	O	ESF	4,000	G	1,850	500	893.4	756.6
			LC	(3,000)	(LC)	(746)	(448)	(600)	(600)

7. NARRATIVE:

Although the Peruvian constitution and legal codes provide a progressive justice system for the country, current practice falls far short of the formal norms. Obstacles to the improved administration of justice in Peru include inadequate resources (human and material) and a less than efficient use of those available, an inadequate information system within the sector as well as a lack of information on actual judicial system behavior, the lack of coordination among public and private sector entities responsible for the administration of justice, a dramatically increased case load putting more pressure on an already overtaxed system, lack of knowledge of and access to the system on the part of majority of the population, especially those of limited resources and generally antiquated procedures especially as regards court management and handling of judicial caseloads. Although the Garcia government has given a high priority to improving the national justice system, reform efforts are hampered by resource scarcity and by the sectoral institutions' lack of experience in and preparation for planning and managing programs of institutional change.

In response to this situation, project efforts are focused at two levels: the establishment and/or strengthening of project planning and implementation capabilities within and across the three implementing agencies and the design and execution of a series of studies and pilot activities by the same three agencies. Project activities can be further divided into five principal components: an organizational component aimed at establishing infrastructure for planning and supervising project activities over the short run, and over the long run at directing overall sector reform efforts; training and related human resource development; studies, planning and modernization of procedures; outreach (to increase knowledge of and accessibility to the system on the part of limited resource populations); and provision of basic goods and services. During FY87 an $850,000 amendment was negotiated with the GOP extending LOP to December 31, 1989.

During the past year, start-up and execution of 18 of the proposed 23 subproject activities has produced concrete advances at both levels and in all of the five components. In addition to the series of subprojects specifically aimed at improving planning and management systems, involvement in the Project has induced the three implementing agencies (the Judicial Power, the Attorney General's Office and the Ministry of Justice) to

7. NARRATIVE (cont.)

devote more of their own resources (especially staff) to subproject planning, supervision and monitoring and has allowed initial discussions on the desirability of developing an overall institutional development strategy. The Project has also produced the first efforts at interinstitutional coordination at the level of specific subproject activities.

As regards the 18 subproject (or pilot) activities, progress has been uneven, but in some areas (professional training, outreach activities) it has surpassed the targeted goals. In other areas (eg. provision of basic equipment and studies) progress has been slower because of difficulties in mastering both AID and GOP procurement regulations, weaknesses in the institutions internal administrative systems (also for procurement), and organizational obstacles (the fact that most of the studies required interinstitutional cooperation and that efforts at modernization of procedures generally required the prior completion of a related study). However, even where progress has been slowest, the past year's experience has provided a base for more rapid implementation in the future.

The Project Coordinating Office completed an in-house evaluation of subproject activities in December 1987; the results are being used to develop operating plans for CY 1988 and to encourage the development of institutional reform strategies. A first priority is to reduce the number of discrete activities in the project and to identify those areas which warrant more intensive efforts. While it is anticipated that activities will continue in all five functional components, rationalization and consolidation of efforts should produce a more efficient investment of resources and one more directly linked to a set of overall reform objectives. This linking of discrete activities to long term goals and improvements is part of the first level of Project efforts (enhancing overall planning capabilities); it will be further aided by the completion of the sector assessment and the implementation of a mid-term external evaluation (scheduled for the last quarter of FY1988).

The Project has disbursed approximately $400,000 of the $1,850,000 in obligated grant funds ($850,000 of which was obligated only in 9/87). It has also been slow in financial counterpart disbursement (the GOP has committed to provide $1,500,000 in counterpart support). However, it is anticipated that spending capabilities will increase substantially now that many of the initial organizational and administrative problems have been resolved. Consequently, to fully finance activities programmed for 1989, we believe additional resources will be needed. Furthermore, a renewed emphasis on upgrading ongoing activities through provision of short-term consultants and efforts to encourage the development of longer range integrated plans will generate additional resource needs. It should be stressed that improvements in the administration of justice in Peru constitute a long-term objective. Specific achievements under the project are a beginning of the process, although one general aim is the creation of an institutional structure capable of directing and implementing the longer range goals.

OBJECTIVE No. 15: SUPPORT ANTI-NARCOTICS PROGRAMS

1. COUNTRY DEVELOPMENT TRENDS INDICATORS

2. AID PROGRAM PERFORMANCE INDICATORS	1985 Actual	1986 Actual	1987 Proj.	1987 Actual	1988 Proj.	1989 Proj.	1990 Proj.
A. Upper Huallaga Area Development Project							
1. Increased cultivation of legitimate crops (hectares)	172,980	182,570 1/	182,570	2/	185,000	200,000	220,000
2. Increased community participation in self help activities (no. of people)	-	2,000	3,000	3,260	4,000	5,000	6,000
B. Drug Education and Public Awareness Project							
1. Increased public awareness of drugs as a national problem (%)	-	-	-	28 3/	30	32	34

1/ Projected total of land cultivated in legitimate crops for 1986 was 175,000 hectares; 1987 projected total modified to 182,570 from 177,500 in 88-89 Action Plan.
2/ Data from Agricultural Statistics Office (OSE) annual field survey; 1987 data is not yet available.
3/ Based on data from a perception survey (March 1987) by Center for Information and Education about Drug Abuse Prevention (CEDRO) of Lima residents, data from outlying provinces now being analyzed.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988

A. Upper Huallaga Area Development Project

1. Complete implementation of the Peruvian national drug plan by end FY 90. Progress is being made. During FY 87 and early FY 88 a major interdiction operation was launched, administrative reorganization and start-up of eradication in major coca producing zone Uchiza was completed, and, substantive discussions aimed at developing a time-phased, results-oriented, anti-drug program were initiated.

2. Use AID program assistance to leverage increased commitment of GOP resources for anti-drug effort during FY 87 and early FY 88. GOP national budget contains, for the first time, significant counterpart funding for the project which is not financed by PL 480 Title I local currency generations, and overall counterpart funding of the annual project budget rose from 37% (in CY 87) to 75% (in CY 88) of the total.

3. Seek to influence GOP environmental conservation policy to reduce the negative impact of coca cultivation in the UHV by FY 89. USAID/Peru is coordinating with other offices of the U.S. Mission and the GOP to research and quantify the impact of coca cultivation and processing on the UHV ecological system which will help support a public affairs campaign beginning soon and extending at least through FY 88. The purpose of the campaign is to prepare the public for increased eradication using new, more productive methods.

4. Overcome obstacles to effective extension service delivery to promote improved legitimate crop production by th 4th qtr FY 88. A time-phased action plan was developed during the 1st qtr FY 88 for testing a comprehensive extension service system for PEAH involving mass media, field demonstrations, and extension agent visits. The system test will be carried out during the remainder of FY 88.

5. Identify, test, and plant new high income crops on experimental basis by the 4th qtr FY 88. New cash crops, such as macadamia, cardamom, and other spices, are being raised on test plots throughout the UHV. Other new crops, such as achiote, as well as traditional cash crops, such as coffee and cacao, are being distributed to eligible ex-coca farmers on newly eradicated land around Santa Lucia (Uchiza area).

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988 (cont.)

B. Drug Education and Public Awareness Project

1. Design and implement public awareness campaign by the Center for Education and Information about Drug Abuse Prevention (CEDRO). During the last year CEDRO has become a major force in shaping the attitudes of Peruvians about drugs through an intensive program of mass media messages, community work, and assistance to other instiutions.

2. Increase non-AID funding to CEDRO. An analysis of funding needs and the design of a plan to identify and solicit from alternative funding sources is scheduled for 2nd-3rd qtr FY 88. Several CEDRO proposals for financial support from other donors are being reviewed by these institutions. CEDRO has received, since its inception, in-kind and cash contributions totalling approximately $157,000 from Peruvian institutions and individuals.

3. Implement complementary public sector drug education and information programs in the Ministries of Health and Education by the 4th qtr FY 87. Grant agreements were signed with each ministry during the 4th qtr FY 87. After Conditions Precedent are satisfied during the 2nd qtr of FY 88, implementation will begin immediately thereafter.

C. Targeted Area Development for the Upper Huallaga Project

1. Design and initiate a follow-on project for assistance in the UHV. USAID/Peru intends to amend the present project and will submit an abbreviated PID cable to AID/W in February followed by a PP Supplement. USAID plans to obligate an amendment in 4th quarter FY 88.

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD	QUARTER/YEAR
A. Use negotiations for an amended anti-narcotics related agricultural development initiative in the UHV to rationalize GOP programs and to strengthen the commitment to socio-economic development in the area.	
Specifically, to take the following actions:	
1. integrate the national administration of the program with regional operations;	4Q/FY 88-2Q/FY 89
2. stimulate the GOP line ministries to return to the UHV with physical and budgetary resources sufficient to carry out their responsibilities; and	4Q/ FY 88-2Q FY 89
3. support the establishment of a set of mutually supportive goals and operational policies among all private and governmental entities and donors.	1Q/FY 89-1Q/FY 90

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR ACTION PLAN PERIOD (cont.)	QUARTER/YEAR
B. Seek to influence GOP conservation policy in the Upper Huallaga in order to reduce the negative impact of coca cultivation, including the collection and analysis of secondary, and primary data if necessary, on the contamination and erosion problem and initiate discussions with the appropriate GOP authorities concerning a program to recover degraded eradicated land.	FY 89/FY 90
C. Coordinate, where and when feasible, with the CEDRO program of educating and informing key opinion leaders and political decision makers about the dangers of drug production, trafficking, and abuse, to promote improvements in drug legislation, increases in anti-drug program budget resources and operational scope, and expanded national and regional anti-drug coordination and cooperation.	FY 89/FY 90
D. Use the results, if successful, of the small projects with the Ministries of Health and Education - pilot testing a drug abuse tracking network in the national health care system and pilot testing a model drug abuse prevention curriculum in the public schools - to negotiate an expansion of these small projects into nationwide programs.	FY 90

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD	QUARTER/YEAR
A. Upper Huallaga Area Development Project	
1. Implementation of the national drug plan related to development investments in the UHV as a complementary program to eradication and interdiction efforts.	1986-1990
2. Principal technical obstacles to effective extension service delivery analyzed and improved system of disseminating technologies for increased yields designed and utilized.	4Q/FY 88
3. New high income crops for eradicated land identified, tested, and planted on experimental plots of eradicated land, followed by promotion and distribution of seed and plant material to eligible farmers, in conjunction with the ongoing Santa Lucia eradication program.	3Q/FY 88 4Q/FY 89
4. Education (teacher training, garden plots, classroom improvements), health (health post rehabilitation, potable water installation), complementary income generation and community organizations (farmer associations and youth/mother clubs) activities involving local population coordinated with agricultural services delivery.	2Q/FY 89
5. A follow-on project amendment for targeted assistance to the Upper Huallaga valley signed.	4Q/FY 88
a. Conditions Precedent in amended Project Agreement satisfied.	2Q/FY 89
b. Increased budgetary support for line ministry operations in the UHV committed and disbursed by GOP.	ongoing FY 89/90
c. Location of eradicated land and name of owner identified by CORAH and data base established by CORAH and PEAH to share information.	2Q/FY 89
d. System for rapid processing and issuance of land possession and titling documents and of credit for eligible ex-coca farmers installed in the UHV.	3Q/FY 90
e. Agricultural services being effectively promoted and delivered to eligible ex-coca farmers in selected areas within the UHV.	3Q/FY 90
f. Progress evaluation of the targeted agricultural support program completed.	3Q/FY 90

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD (Cont.)

QUARTER/YEAR

B. Drug Education and Public Awareness Project

1. Public awareness campaign by CEDRO designed and functioning.

a. Fund raising analysis and strategy planning completed.	4Q/FY 88
b. 2nd public opinion perception study completed.	1Q/FY 89
c. Progress evaluation completed.	1Q/FY 89
d. 2nd national epidemiological study completed.	2Q/FY 89
e. 2nd national TV campaign on drug abuse and drug problems completed.	4Q/FY 89
f. Institutional analysis with recommendations to improve the efficiency and effectiveness of management, administration, and financing.	4Q/FY 89
g. 3rd public opinion perception study completed.	1Q/FY 90
h. 3rd national epidemiological study completed.	3Q/FY 90
i. 3rd national TV campaign on drug abuse and drug problems completed.	4Q/FY 90
j. Final evaluation to examine lessons learned from CEDRO public awareness program completed.	4Q/FY 90

2. Complementary Ministry of Education program for pilot testing of drug abuse prevention curriculum in the public school system completed.

a. Phase I: Drug Prevalence and Risk Factors study completed.	1Q/FY 89
b. Phase II: Drug curriculum development completed.	4Q/FY 90

3. Complementary Ministry of Health program in pilot testing of a drug abuse tracking network in the national health care system completed.

a. Drug Initiation and Experimentation study completed.	2Q/FY 89
b. Household survey of the frequency and quantity of drug use completed.	3Q/FY 89
c. Drug abuse and dependency registration and notification system completed.	1Q/FY 90

6. PROJECT SUPPORTING OBJECTIVE

Title	Number	New (N)* Ongoing (0)	Type of Funding No.	LOP ($1000)	L/G/LC	Obligations Cummulative through FY 1987	FY 1988	FY 1989	FY 1990
Upper Huallaga Area Development Project amended project	0244	0	DA	23,250	L&G	18,000	3,500 1/	-	-
			ESF	10,150	G	5,400	-	2,000	2,750
				33,400					
			LC	--	LC	(5,302)	(3,898)	(2,500)	(2,500)
Narcotics Education Initiatives	0288	0	DA	1,600	G	750	850	-	-
			ESF	2,400	G	1,600	-	800	-
				4,000					
Pilot Project: Diversification of Production Systems in Ten Rural Communities in Cuzco to Explore Crop Alternatives to Solve Coca Problems	0000	0	DA	20	G	20	-	-	-

1/ Being sought by LAC, but not yet in OYB.

7. NARRATIVE

A summary of the Peruvian national drug plan was reviewed by the Mission and the certification of compliance by Peru of the terms of Section 612(a) of the FAA(85) for FY 87 was made and accepted. Recently, the INCSR was prepared by the U.S. Mission for certification to Congress that Peru cooperated fully with the United States in compliance with the relevant sections of the FY 88 Continuing Resolution.

Notable progress has been made in interdicting the drug trade in the UHV. The Condor VI drug interdiction operation began in June 1987 with the airlift of a heavily armed contingent of 1,200 police into the area. While dramatic statistics have been published on drug seizures, this has not led to increased politico-military control of the area. In fact, increased political subversion from Sendero Luminoso (SL) and

7. NARRATIVE (cont.)

the Tupac Amaru Movement (MRTA) since the operation began recently forced the GOP to declare the Upper Huallaga valley (UHV) an emergency zone under direct military control. Unfortunately, both narcotics trafficking and political violence remain at high levels with no immediate relief in sight. The one bright spot is that the Minister of Interior appears to be seriously interested in identifying more efficient means of carrying out eradication and regaining GOP control of the area. Since approximately November 1987, AID and other Mission representatives have participated in discussions with GOP officials and representatives of UNFDAC, chaired by the Minister of Interior, which have focused on defining the actions and resources necessary to make the national drug plan operational. A U.S.-trained advisor to the Minister has been charged with the responsibility of coordinating the efforts to consolidate the positions of the participating institutions into a realistic, workable development plan.

The Conditions Precedent specific to the Upper Huallaga Area Development project amendment, which obligated an additional $5.4 million (ESF) in FY 85 to finance a comprehensive and balanced agricultural support and community development strategy, were met during the 2nd qtr of FY 87. Project implementation since has focused on developing new approaches to effective agricultural extension delivery, on improving prospects for commercialization of agro and agro-industrial products, and on integrating a rural-oriented, community self-help approach into PEAH operations, both agricultural and social. A major setback to project management has been the inability to continue to field a fully staffed technical assistance team to help solidify the planning and operation of an integrated strategy based on improved outreach to the beneficiary, due to unacceptable security risks which currently restrict travel within the UHV. In spite of this, PEAH continues to push forward with agricultural and social services delivery, including agricultural extension from a corps of 25 newly recruited agents, land surveying and titling, seed and seedling production and distribution, road maintenance and bridge repair, potable water system construction, and rice and corn processing and storage expansion. Of special interest is the PEAH plan to expand the role of the eradicated land program (PESIP) in CY 88. PESIP is now producing plant stock which is being distributed to eligible ex-coca farmers in conjunction with the eradication program now underway in Santa Lucia. This program will be expanded soon to deliver a full package of assistance to these farmers: certificates of land possession, credit, seeds and seedlings, and other needed inputs. The lessons learned from the Upper Huallaga Area Development project implementation to date will be incorporated in a project amendment scheduled to be signed in late FY 88. While the design details are still subject to modifications, the amendment will propose a focusing of resource support to provide targeted agricultural and complementary services - extension, input supply, credit, marketing and community development - to eligible ex-coca farmers in the Tingo Maria-Aucayacu area and in conjunction with the ongoing eradication operation currently based in Santa Lucia.

7. NARRATIVE (cont.)

The drug education and information center is established and implementing a wide range of drug education and information activities. CEDRO has a staff of seven full time professionals. During the approximately 20 months since its establishment, CEDRO has placed over 169 informational articles or programs in newspapers and on radio and TV. A network of approximately 320 private institutions with access to over 1,000,000 people has been established as a conduit for information and education. In addition, nearly 34,000 people have attended drug education training courses (total course time 20 hours) in Lima and the provinces and nearly 75,000 informational folders, pamphlets, and other materials have been distributed. Public service messages on drug abuse were shown on all national TV stations during a 60 day period in July-September. Preliminary data (Lima only) from a national drug perceptions study conducted in 1987 by CEDRO show that the general public is concerned with drug problems and wants to see action taken. A direct AID grant (cooperative agreement) with CEDRO was signed during the 3rd quarter of FY 87 to finance narcotics awareness activities in Peru until September 1990. In addition, two small complementary grant funded project agreements were signed, with the Ministry of Education, for pilot testing a national drug abuse prevention curriculum in the public schools, and with the Ministry of Health, for pilot testing a national program to identify and register drug abuse cases in the national health care system. The Conditions Precedent will be met in the 2nd qtr FY 88 and project implementation will be completed by September 1990. The number and range of activities initiated, the important private and public sector contacts developed, and the 1987 perception study finding of significant public concern over the drug problem show that the CEDRO program meets a real need and can make a significant impact on public awareness in the future.

SUMMARY PROGRAM FUNDING TABLE
Dollar Program by Functional Account
($000)

PROJECT TITLE AND No.	FY88	FY89	FY90
ARDN			
Subtotal	7,100	5,000	5,000
(Loan)	(--)	(--)	(--)
(Grant)	(7,100)	(5,000)	(5,000)
527-0000 PD&S	420	215	250
527-0238 Agriculture Planning and Inst. Dev.	470	385	450
527-0321 Central Selva Resource Management II	500	(--)	(--)
527-0244 Upper Huallaga	3,500 1/	(--)	(--)
527-0282 Agriculture Technology Transformation	2,000	3,550	3,400
527-0310 Non-Trad. Ag. Exports/Agribusiness		500	500
527-0320 OPG CARE-Reforestation Food for Work	100	70	60
527-9999 OPGs (Food Assistance)	110	280	340
POPULATION			
Subtotal	1,600	2,290	2,800
(Loan)	(--)	(--)	(--)
(Grant)	(1,600)	(2,290)	(2,800)
527-0000 PD&S	10	10	100
527-0269 Private Sector Family Planning	1,590	1,790	2,200
527-0326 Contraceptive Social Marketing II	--	490 2/	500

1/ Being sought by LAC but not yet in OYB.
2/ Per Burdick/Brackett telcon, 2/10/88 and Rhoads/Schoepfer telcon, 2/12/88.

PROJECT TITLE AND No.	FY88	FY89	FY90
HEALTH			
Subtotal	433	500	500
(Loan)	(--)	(--)	(--)
(Grant)	(433)	(500)	(500)
527-0000 PD&S	120	60	100
527-0285 Child Survival Action	213	440	400
527-0313 Andean Peace Scholarships	100	--	--
CHILD SURVIVAL			
Subtotal	3,427	3,425	3,400
(Loan)	(--)	(--)	(--)
(Grant)	(3,427)	(3,425)	(3,400)
527-0285 Child Survival Action	2,997	2,925	2,900
527-0323 OPG PRISMA-MOH Supplementary Feeding	150	150	150
527-9999 OPGs	280	350	350
EDUCATION			
Subtotal	2,600	1,925	1,681
(Loan)	(--)	(--)	(--)
(Grant)	(2,600)	(1,925)	(1,681)
527-0000 PD&S	--	--	25
527-0272 Private Sector Management Improvement	150	1,025	1,656
527-0313 Andean Peace Scholarships	1,600	900	(--)
527-0288 Narcotics Education Initiatives	850	--	(--)
SELECTED DEVELOPMENT ACTIVITIES			
Subtotal	1,502	1,550	1,059

PROJECT TITLE AND No.	FY88	FY89	FY90
SELECTED DEVELOPMENT ACTIVITIES (cont.)			
(Loan)	(--)	(--)	(--)
(Grant)	(1,502)	(1,550)	(1,059)
527-0000 PD&S	150	150	150
527-0061 Special Projects	100	100	100
527-0298 Private Sector Policy Planning and Institutional Development	1,252	856.6	--
527-0313 Andean Peace Scholarship	--	293.4	400
527-0324 OPG Rural Credit and Community Dev.	--	150	100
Follow on Private Sector Projects	--	--	309
TOTAL DA	16,662	14,690	14,440
(Loan)	(--)	(--)	(--)
(Grant)	(16,662)	(14,690)	(14,440)
ECONOMIC SUPPORT FUND			
Subtotal	500	5,000	5,560
(Loan)	(--)	(--)	(--)
(Grant)	(500)	(5,000)	(5,560)
527-0244 Upper Huallaga	(--)	2,000	2,750
527-0285 Child Survival Action	(--)	(--)	1,328.4
527-0288 Narcotics Education Initiatives	(--)	800	(--)
527-0303 Administration of Justice	500	893.4	756.6
527-0313 Andean Peace Scholarships	(--)	1,306.6	725

PROJECT TITLE AND No.	FY88	FY89	FY90
PL 480 TITLE I (Loan)	10,000	16,000	20,000
PL 480 TITLE II AND SEC. 416 (Grant)	20,952	12,004	15,000
(Title II)	(8,152)	(9,004)	(12,000)
(416)	(12,800) 1/	(3,000)	(3,000)
PROGRAM TOTAL	48,114	47,694	55,000

1/ Sugar Quota - $10,800; PVO monetization - $2,000.

Memo: Projects with multiple account funding

527-0244			
Upper Huallaga			
ARDN	3,500	--	--
ESF	--	2,000	2,750
527-0285			
Child Survival Action			
Health	213	440	400
Child Survival	2,997	2,925	2,900
ESF	--	--	1,328.4
TOTAL	3,210	3,365	4,628.4
527-0288			
Narcotics Education Initiatives			
Education	850	--	--
ESF	--	800	--
527-0313			
Andean Peace Scholarships			
Health	100	--	--
Education	1,600	900	--
SDA	--	293.4	400
ESF	--	1,306.6	725
TOTAL	1,700	2,500	1,125

B-2 SUMMARY PROJECT LIST, BY OBJECTIVES

PROJECT TITLE & NUMBER		OBJECTIVES											
		1	2	5	6	7	8	9	10	13	14	15	16
Integrated Regional Development	0178	P			S	S							
Agriculture Research, Extension and Education	0192	P											S
Small Hydro Development	0226	P				S							
Agriculture Planning and Institutional Development	0238	P		S									S
Private Sector Agric. Investment Promotion (PRIDA)	0265	P	S	S									S
Agriculture Technology Transformation	0282	P	S	S									S
Technoserve-Coop. Management (OPG)	0293	P	S										
Small Ruminants CRSP		P											
Ica Producers Assoc	PD&S	P	S	S									
Valle Grande Extension and Training	PD&S	P	S	S									
ONA Statistical and Economic Analysis	PD&S	P	S	S									
Potato Seed-CARE Emergency Program	PD&S/OFDA	P											S
CIUP-Ag. in Ec. Development	PD&S	P											S
OPG-Rural Credit and Ec. Dev.	0324	P	S										S
Private Sector Management Improvement	0272		P										
Special Development Activities	0061	S	P			S							
Private Sector Policy Planning and Institutional Development	0298		P	S									
Macro Economic Model of Peruvian Economy - ESAN	PD&S		P	S									
Privatization Project Design Program	PD&S		P										
Industrial Reactivation Fund-FRI	0278		P	S									
OPG-CARE Small Ent. Credit	0317		P										
CEPEI-Peruvian/World Economy	PD&S		P										
Non-Traditional Agricultural Export and Agribusiness Dev.	0310	S	S	P									S

PROJECT TITLE & NUMBER		OBJECTIVES											
		1	2	5	6	7	8	9	10	13	14	15	16
Determinants of Non-Traditional Exports - GRADE	PD&S	S	S	P									
Fresh Asparagus Exports	PD&S	S	S	P									
Central Selva Resource Management (Pichis-Palcazu) (CSRM)	0240	S			P								
CSRM II	032-	S			P								
Tropical Soils CRSP	0	S			P								
Recuperation of Benthic Resources	936-5542				P								
Economic Analysis of Forestry Activities	PD&S	S			P								
OPG-CARE Reforestation FFW	0320	S	S		P								
Integrated Family Planning Health	0230						P		P				S
Integrated Family Planning and Health - APROPO	0230.01		S				P		S				
Contraceptive Social Marketing II	0326		S				P		S				
Private Sector Family Planning	0269						P		S				
IPSS - Family Planning	PD&S						P		S				
Rural Water Systems & Environmental Sanitation	0221							P	S				
AID/SCI Health and Nutrition Grants	AID/SCI							P	S				S
SIID - PVO Network (Child Survival Fund) (OPG)	0294								P				
OFASA - Expanded Feeding Prog (OPG)	0247	S							P				P
CARITAS - Feeding Program (OPG)	0248	S							P				P
CARE - Basic Infrastructure in Pueblos Jóvenes (OPG)	0261/0297								P				P
Child Survival Action Project	0285						S	S	P				S
IIN - Private Sector Nutr. for Child Survival	0308								P				S
UPCH - Training MOH Physicians in ORT	0309								P				S
PRISMA - Identification of High Risk Families to Reduce Child Mortality (Op. Res.)	0311							S	P				

PROJECT TITLE & NUMBER		OBJECTIVES											
		1	2	5	6	7	8	9	10	13	14	15	16
OPG - PRISMA - Child Survival Journal	PD&S								P				
Andean Peace Scholarships	0313		S							P			
LAC Training Initiatives II	598-0640		S							P			
Administration of Justice	0303										P		
Upper Huallaga Area Dev.	0244	S										P	
Narcotics Education Initiatives	0288											P	
Cuzco Coca Alternatives	PD&S	S										P	
PL-480 Title I	--	S							S				P
PL-480 Title II & Sec. 416	--	S							S				P
IIN - Food Commodity Study	PD&S								S				P
PVO Management Study	PD&S								S				P
PRISMA/MOH MCH Program - OPG	0323								S				P
OPGs - Title II PVOs	--								S				P

NEW PROJECT DESCRIPTION

GOAL: Basic structural reforms leading to rapid and sustained economic growth.

OBJECTIVE: Increase access to voluntary family planning services, improve health and health services, and reduce infant and child mortality.

PROJECT TITLE	:	Contraceptive Social Marketing II
PROJECT NUMBER	:	527-0326
PROJECT FUNDING	:	($000) FY 89: $496 (G) LOP: $2,000 (G)
FUNCTIONAL ACCOUNT	:	Population (POP)
DESCRIPTORS	:	Purpose Code: 400 Priority Areas: Ee

A. Relationship to A.I.D. Country Strategy/Objectives: The Mission population strategy calls for increasing the availability of contraception through strengthening the institutional capacity of both the public and private sectors to deliver family planning services while at the same time, building greater awareness and commitment to the problem within the political leadership of the country. This project, which will promote contraceptive sales through commercial channels, is one element of the Mission's three-pronged population program approach which also involves support under other projects to the public sector and the non-commercial private sector to increase access to modern contraceptive methods.

B. Relationship to Host Country and Other Donors: A.I.D. is the largest family planning donor in Peru. The United Nations Fund for Population Activities (UNFPA) and the World Bank also have been providing funding for population activities, although almost entirely within the public sector. No other donor provides support to the commercial FP sector. The proposed project, through its IE&C activities, should enhance the impact of the public sector program which is currently being carried out by the government through the Ministry of Health (MOH), Social Security Institute (IPSS), and the National Population Council (CNP), with the strong support of the Garcia administration, including the President.

C. Conformance with Agency and Bureau Policies: This project is consistent with Agency and LAC Bureau population/family planning policies which encourage the involvement of the indigenous commercial private sector in developing countries to increase contraceptive availability and use.

D. Project Description: The project purpose is to increase usage of voluntary family planning services by expanding the availability of contraceptives and promoting their use through the private commercial sector. This four-year project is the second phase of a contraceptive social marketing effort which is intended to: increase the number of couples using modern contraceptives; expand the number of distribution points for family planning methods; add "brand" name advertising and promotion as vehicles to increase awareness of, and information about, family planning methods and products; improve accessibility, taking into account geographic, economic, psychological and temporal considerations; develop family planning materials for non-literate consumers; sharpen understanding of specific unserved submarkets through market research; establish the commercial sector as a major promoter

and distributor of family planning commodities; educate thousands of pharmacists in regard to scientific contraception and the feasibility and profitability of social marketing; demonstrate the advantages of social marketing to government officials; complement the non-commercial private and public sector family planning programs; and establish a capable social marketing agency in Peru. By the end of the Phase I Project in June 1989, APROPO will have had about one year's experience in promoting the use of locally-produced pills and vaginal foaming tablets. Market research on condom use and availability will have been completed, a condom strategy adopted for the program, and condom distribution will have been initiated within the previous six months. A follow-on four-year project is essential to assist APROPO with program strategy, monitoring and evaluation and to firmly establish the program in Peru.

Activities	Outputs
- Increase total number of FP acceptors (all years)	300,000-400,000
- Train pharmacists and other distributors in CSM	4000
- Increase total number of CSM distribution points	2000
- Develop FP materials for literates and non-literates	X
- Complete market research studies on specific unserved markets	5
- Conduct seminars for government officials on advantages of CSM approach	4
- Undertake media campaigns to promote contraceptives under CSM	X

Implementing Agency: The project will be implemented by APROPO (Apoyo a Programas de Población), a Peruvian private voluntary organization which is also implementing the first phase of the CSM project. Continued short-term assistance by SOMARC/The Futures Group, which is currently providing assistance through a Mission buy-in to this centrally-funded project, is likely to be required.

Method of Obligation: A Cooperative Agreement in accordance with procedures outlined in Handbook 13.

E. Mission Management: The USDH Chief of the Population Division in the Human Resources Office will assume overall responsibility for the project. This officer will supervise an FSN employee responsible for day-to-day project monitoring and implementation support.

F. Cooperative Agreement Approval: AA/LAC concurrence to allow the Regional Contracts Officer/Quito to negotiate and sign a Cooperative Agreement with a single source (APROPO) is requested to permit the continuation of this program.

G. Potential Issues: Government pharmaceutical pricing policy and raw materials importation policy and their impact on the price and continuing availability of locally produced, high quality, inexpensive oral contraceptives and spermicides; reaction of political and religious elements in society to active commercial FP promotional activities; feasibility of marketing imported U.S. condoms at affordable prices.

H. AID/W TDY Support for Project Development: None needed.

I. Estimated Cooperative Agreement Approval: June 1989.

NEW PROJECT DESCRIPTION

SHELF PROJECT

GOAL: Wider sharing of the benefits of growth.

OBJECTIVE: Reduce infant and child mortality, and improve health and health services.

PROJECT TITLE: Strengthening Private Sector Health Institutions

PROJECT NUMBER: 527-0319

PROJECT FUNDING: ($000) FY 89: $1,000 (G) LOP: $7,000 (G)

FUNCTIONAL ACCOUNT: Child Survival (CS) and Health (HE)

DESCRIPTORS: Purpose Code: 500
Priority Areas: Cc

A. Relationship to A.I.D. Country Strategy/Objectives: USAID's Child Survival (CS) strategy is to assist the GOP (Ministry of Health and Social Security Institute) and the private sector to provide sustainable CS health services throughout the country, with priority given to the rural areas. This project is a key component of the Mission's strategy. It is designed to harness and apply in a coordinated manner the resources and capabilities which exist in the Peruvian private sector health agencies in the areas of training, research, and services delivery to remote areas in solving the problems and constraints in the health sector. The project recognizes that the participation of the private sector is vital in complementing and reinforcing the efforts of the public sector and will attempt to establish permanent institutional linkages between public and private sector agencies to improve and expand health services delivery.

B. Relationship to Host Country and Other Donors: A.I.D. is currently the largest donor in the health sector. Many other donors, including PAHO, UNICEF, GTZ, IDB, IBRD, UNFPA, Rotary International, and the Swedish and Italian Governments also provide varying levels of support to the health sector, largely to public sector institutions in primary health care with particular emphasis on CS activities. Very little donor assistance is directed at private sector health institutions. In 1987, the MOH developed comprehensive national plans for CS interventions with specific goals, objectives and targets, and the Minister of Health has been able to secure an increase in the MOH's budget for CY 1988 to support this and other high priority programs within the MOH.

C. Conformance with Agency and Bureau Policies: The proposed Project is fully consistent with Agency and LAC Bureau policies relating to Child Survival and the role of the indigenous private sector in the provision of adequate and sustainable CS health services.

D. Project Description: The project purpose is to expand and improve child survival services delivery by public and private sector agencies by strengthening and coordinating the role of Peruvian private sector training, research and service delivery organizations in the health sector. The proposed 5-year project will consist of 3 components as follows:

1. Training: The project will support the continuation and expansion of in-country technical and management training programs for health administrators and providers that are currently being financed under individual USAID grant agreements, such as UPCH training of MOH/IPSS physicians and nurses in ORT, IIN training of nutritionists and health promoters from PVOs and the MOH/IPSS in growth monitoring, and Puentes de Salud (SIID) training of PVO staff in CS activities. Short and long-term overseas training for private sector health professionals also will be financed under this component to complement the overseas training opportunities being made available to public sector health professionals under the CSA Project (0285).

2. Research: Operational research studies, particularly those focussed on geographical areas outside of Lima, will be financed to provide solutions to CS program implementation problems and to develop new methodologies for implementing MCH interventions. Researchers from private institutions will be encouraged to establish collaborative working arrangements with public health sector establishments and staff to carry out research activities in order to facilitate the adoption of successful results into on-going MOH and IPSS programs. Action-oriented studies related to specific endemic diseases which affect the health of Peruvians as well as sector-wide policy and operational issues such as health care financing will also be financed under this component.

3. Field Support Activities: Sub-grants will be provided to PVOs to expand and strengthen their CS service delivery programs, especially to the rural areas to reach those populations which do not currently (and are likely never to) have access to the public sector health network. The feasibility of implementing a country-wide health services regionalization plan through the Puentes network similar to the model being implemented under the Mission's Private Sector Family Planning Project will be examined. Support of CS health delivery schemes in the commercial private sector (modeled on the TIPPS Milpo Project with the mining sector), social marketing health promotional activities through the federation of pharmacists in the country, and the production and distribution of local written materials/publications (such as the Niños Journal) are also possible activities under this component.

Activities	Output
- Train physicians, nurses, other health professionals and health auxiliaries in MCH/CS	20,000
- Design curricula and training materials in MCH/CS for training health professionals	10
- Develop CS materials for literates and non-literates	X
- Complete operational research studies on specific CS implementation problems or new methodologies	8
- Complete research studies on endemic diseases	4
- Complete research studies on health care financing and other policy-related issues	3
- Complete innovative field projects that support CS programs	4

Implementing Agencies: Based on the model being utilized under the Mission's Private Sector Family Planning Project, USAID will enter into a Cooperative Grant Agreement with a U.S. or Peruvian-based organization to manage the three components of the project from an office based in Lima. Peruvian training and research institutions (UPCH, ESAN, Universidad de Lima, provincial universities, IIN, private sector firms) and PVO's (Puentes de Salud, CARE, CARITAS, ADRA/OFASA, PRISMA) will receive sub-grants (or contracts) to implement training programs, research studies and field projects.

Method of Obligation: A Cooperative Agreement in accordance with procedures outlined in Handbook 13.

E. Mission Management: A Project-financed PSC in the Health and Nutrition Division will assume overall responsibility for project monitoring.

F. PID and PP Approval: USAID/Lima requests Bureau concurrence with Mission Director delegation of authority to approve the PID and PP.

G. Potential Issues: Adequacy of OYB CS and He accounts. Feasibility and appropriateness of the proposed implementation approach. Feasibility of establishing lasting linkages between private and public sector institutions.

H. A.I.D./W TDY Support for Project Development: A 2-person team from LAC/DR and S&T/H will be needed for up to one month.

I. Estimated PID Approval: December 1988 PP Approval: May 1989

NEW PROJECT DESCRIPTION

GOAL: Wider sharing of the benefits of growth.

OBJECTIVE: Increase agricultural production, and support the private sector.

PROJECT TITLE : OPG Rural Credit and Community Development

PROJECT NUMBER : 527-0324

PROJECT FUNDING : ($000) FY 89: $150 (G) LOP: $350 (G)
plus Title II or Section 416 Monetization Program

FUNCTIONAL ACCOUNT: Selected Development Activities (SDA)

DESCRIPTORS : Purpose Code: 000
Priority Areas: Aa

A. Relationship to A.I.D. Country Strategy/Objectives: The reactivation and recapitalization of the agricultural sector and the continued promotion of decentralized rural development are among the highest priority goals of USAID/Peru's program strategy. This project complements other Mission projects in agriculture and rural development, which are designed to provide improved technology to farmers through both public and private sector channels, increase rural family incomes, expand non-traditional export activities, improve private sector food marketing, and support the GOP's decentralization policy.

B. Relationship to Host Country and Other Donors: GOP support of the urban low-income informal sector and the social and economic emergency zones of the Peruvian highlands was established as a special priority by the President of Peru at the start of U.S. FY 1987. The Canadian Government has created a Canadian $6.5 million jointly managed Peru-Canada Agricultural Development Fund (Fondo de Desarrollo Agro-Alimenticio-FDA) through the monetization of donated food commodities, and plans to expand the program.

C. Conformance with Agency and Bureau Policies: This project conforms to the Provisional Policy Guidelines for Food Monetization by Private Voluntary Organizations and Cooperative Societies under Title II and Section 416, in support of credit and other development activities.

D. Project Description: The project purpose is to strengthen the self-help capability of small farmers of economically depressed rural communities to increase local production and improve the marketing of agricultural and industrial goods, and promote community investments in development activities. The proposed three-year pilot project would involve the sale of a Title II or Section 416 food product either directly by the National Commodities Marketing Company (ENCI) through its regional network, or by specially organized departmental/community-level project committees. The commercialization/monetization of the product among the beneficiary population, in addition to ensuring a temporary stable supply of a food staple in their diets, would generate the local currency needed to establish revolving loan funds. Community credit committees would be organized to manage cash loans to the participating families, and would also be responsible for loan repayments in the form of agreed-upon locally produced commodities which would, in turn, be marketed by the community to generate money to replenish the loan fund. The project would also provide technical assistance to improve and/or increase the marketing alternatives available to the communities for locally produced goods. In addition to developing improved

marketing strategies, the project would explore the potential of processing local raw materials and of preserving locally produced foods in order to further expand the productive and income capabilities of project beneficiaries. Eligibility criteria for project loans would also include the requirement that a participant family capitalize a designated portion of its annual production in favor of the community. The community would then market the capitalized commodities to establish a fund to finance projects prioritized by the community and aimed at improving the quality of community life.

Activities	Output
- Market/monetize selected food commodity	8,000 MT (wheat)
- Establish loan fund	$ 1.0 Million
- Develop system to manage loan fund and reflows	X
- Train Program Coordinators	10
- Train Field Promoters/Managers	40
- Provide technical assistance and training (participant families)	25,000
- Develop marketing strategies, raw material processing, food preservation	X
- Develop plans and procedures for investment of community capital resources in development activities (communities)	500

Implementing Agencies: The principal implementing agency would be a PVO selected in accordance with USAID norms and procedures to coordinate the USG donation of food commodities, its commercialization and monetization, the organization of participant communities, technical assistance and training, and to provide general management, oversight and supervision of project activities. Separate agreements would be signed by the PVO with GOP agencies to implement spetific program activities such as the National Commodities Marketing Company (ENCI) for the marketing and monetization of the donated food commodities, and, depending upon the results of a feasibility study to be conducted in FY 1988, with one or more of the following agencies for promotion, training, technical assistance and supervision: Ministry of Education, Ministry of Agriculture and the GOP Micro-Regions.

Method of Obligation: An Operational Program Grant with the selected PVO in accordance with procedures outlined in Handbook 3, Chapter 4, and Handbook 13.

E. Mission Management: The Deputy Chief of the Food for Development Division will assume overall responsibility for project oversight. This officer will supervise an FSN employee responsible for day-to-day project monitoring and implementation support.

F. OPG Approval: The USAID/Peru Mission Director has the authority under Handbook 3, Chapter 4, and Delegation 452 to authorize the OPG at the proposed funding level.

G. Potential Issues: Security risk factor in several priority project implementation sites in the socio-economic emergency zones. Capability and feasibility of marketing donated commodities among beneficiary groups in remote rural areas, and GOP policies and regulations regarding sale of basic food commodities. Feasibility of requiring annual capitalization on the part of participating families in addition to loan repayments. Capability of communities to manage revolving loan funds.

H. AID/W TDY Support for Project Development: None needed.

I. Estimated OPG Approval: March 1989.

NEW PROJECT DESCRIPTION

SHELF PROJECT

GOAL: Wider sharing of the benefits of growth.

OBJECTIVE: Improve health and health services.

PROJECT TITLE: Rural Water Systems and Environmental Sanitation II.

PROJECT NUMBER: 527-0325

PROJECT FUNDING: ($000) FY 1990: $1,000 (G) LOP: $5,000 (G)

FUNCTIONAL ACCOUNT: Health (He)

DESCRIPTORS: Purpose Code: 500
Priority Areas: Cc

A. Relationship to A.I.D. Country Strategy/Objectives: The Peru Child Survival (CS) Strategy calls for the provision of sustainable CS services throughout the country with priority given to the rural areas. Strengthening the MOH capacity to deliver improved CS services, including safe drinking water and sanitation facilities, through an integrated, expanded and sustainable system is the key objective. The proposed project will complement the CS activities being financed under USAID's Child Survival Action (CSA) Project (527-0285) and will contribute to improving the health status and well being of the rural poor by addressing one of the major constraints--the lack of adequate potable water and waste disposal facilities in rural areas.

B. Relationship to Host Country and Other Donors: Increasing coverage of potable water systems and basic sanitation facilities to rural villagers is a high priority of the GOP. The on-going MOH rural water and sanitation program, which is predominantly supported by USAID Project 527-0221, was allocated a significant portion of GOP counterpart funds in CY 1988, demonstrating the strong GOP political commitment to this health intervention. Although coverage rates have improved over the past five years, the GOP recognizes that much work remains to be done. Other donors, such as the Dutch Government and the British Overseas Development Council, are supporting rural water activities on a much smaller scale.

C. Conformance with Agency and Bureau Policies: The proposed project fully conforms with A.I.D. policy guidance on domestic water and sanitation.

D. Project Description: The project purpose is to provide potable water systems, latrines and health education to approximately 1,000 rural communities with up to 2,000 inhabitants throughout Peru. In addition, the project will strengthen and consolidate the institutional (organizational, technical and administrative) capacity of the MOH's Directorate of Basic Rural Sanitation (DISABAR) and support the continuation of the decentralization process. In addition to providing materials, tools and skilled labor for the construction of gravity-fed water systems with household connections and latrines for each family, the project also will support research and

development of alternative technologies for community water supply and sanitation. Ten DISABAR field offices, which will be established in the nine Health Departments which did not participate in the previous Rural Water Project, will receive engineering and drafting equipment, portable water testing kits, training and office equipment, vehicles and other tools. Basic health education and training in the operation and maintenance of water systems will be provided for sanitation technicians, supervisors and community administrators and maintenance personnel. Technical assistance will be provided to support the community participation, health education and training activities. USAID will also finance the construction and rehabilitation of DISABAR regional warehouses as required.

Activities	Outputs
- Rural water systems constructed	1,000
- Family latrines constructed	60,000
- DISABAR field offices established	10
- Appropriate technologies developed for rural water and/or sanitation supply	5
- Sanitation technicians, supervisors, community administrators and maintenance personnel trained	5,000
- Health education materials developed	X

Implementing Agency - The project will be implemented by the MOH's Directorate of Basic Rural Sanitation which is, by law, the only public institution responsible for the execution of the National Rural Water Supply and Sewerage Plan.

Method of Obligation - A bilateral grant agreement in accordance with procedures outlined in Handbook 3.

E. Mission Management: A Project-financed PSC in the Health and Nutrition Division will assume overall responsibility for project monitoring.

F. PID and PP Approval: USAID/Lima requests Bureau concurrence with Mission Director delegation of authority to approve the PID and PP.

G. Potential Issues: Adequacy of OYB He account. Technical and social soundness feasibility of health education/community participation activities.

H. A.I.D/W TDY Support for Project Development: A 2-person team from LAC/DR, S&T/H and WASH will be needed for up to one month.

I. Estimated PID approval: January 1990 PP Approval: June 1990

2. Food Aid

a. PL-480 Title I

Peru has signed PL-480 Title I agreements every year since 1978, and the program has become well integrated with the overall country strategy. The primary objectives supported by the agreements are to increase agricultural production, and to alleviate malnutrition. The program provides wheat and other grains, and at times vegetable oil, which are consumed by lower income groups in a country with severe malnutrition. With foreign exchange shortages likely to persist through the Action Plan period, the Title I agreements probably will become more important in allowing the government to maintain food imports for the population. As program assistance, the agreements provide support for dialogue on agricultural policies, complementing the USAID agricultural policy project. The Action Plan period is expected to be a key period for these policies, as the GOP for lack of fiscal resources will be unable to sustain the current program of relatively high producer price supports, and sale of domestic and imported food at subsidized prices in an untargeted fashion to the general public. Local currencies from the sale of Title I foods are used primarily for support of agricultural, food distribution and health projects supported by the USAID, but also for USAID project supporting other objectives, and GOP projects in agriculture and rural development. Local currency has been particularly important for supporting agricultural research and policy activities.

Peruvian agricultural sector value added increased over 5% in 1987, continuing the trend of recent years. This trend may be difficult to maintain in 1988, since the GOP relied primarily on high support prices and cheap credit policies to obtain the increase. The agricultural/industrial terms of trade, after increasing dramatically in 1986 and early 1987, deteriorated again at the end of 1987 to end of 1986 levels, as real wages dropped and policy was not well cordinated.

Peru will continue to require over one million tons per year of wheat imports, 500,000 tons or more of corn, and sizeable vegetable oil and dairy products importations over the Action Plan period. A good rice crop should provide self sufficiency through 1988, but imports may be required in future years. For the last several years, food import requirements have had a high priority, and the GOP was willing to run down foreign exchange reserves to maintain imports. Now that reserves are severely depleted, maintaining food import levels will be more difficult, and Title I commodity availability will become more important to the GOP.

The base level for PL-480 Title I agreements for the last five years, 1983 to 1987, has been $20 million per year, and it is proposed to maintain this level in 1988, 1989 and 1990. The basic commodity will be wheat, with Title I providing no more than 20% of imports, and probably less, since corn, rice, or vegetable oil will probably be included in the agreements, as in past years. This Title I level has proven to be well adjusted to UMRs, policy dialogue needs, and local currency needs.

PL-480 Title I imports have not had disincentive effects on local production, and new agreements are not expected to have disincentive effects. The policy dialogue and local currency uses of the Agreements have rather had a positive effect on increasing local agricultural production, and are expected to continue to do so in the future, through funding of agricultural research and extension efforts and developing and funding agricultural policies to increase production.

The coming several years will be key ones for agricultural policies. At present the GOP is using profits from food imported at a highly concessional exchange rate and sold at prices close to a parity exchange rate to finance its agricultural producer support price program. Since all sales proceeds from Title I commodities go into the special account for agricultural and other development projects, and can be used for the price support program only with USAID approval, this has created some opposition to Title I agreements in parts of GOP that put a high priority on agricultural support prices. The USAID and the agricultural policy analysis unit in the Ministry of Agriculture as well as officials in the Ministry of Economy and Finance do not oppose use of producer price supports, but want them integrated into an overall program of agricultural research and extension, better policies to stimulate productivity increasing investments in agriculture, more attention to GOP food sales prices to the public in terms of effects on competing domestic foods and in terms of revenue raised, and better targeting of food subsidies. Current economic research, stimulated by self-help measures, is establishing the basis for improved policies. In a period of GOP fiscal and foreign exchange stringency, the policy dialogue from Title I negotiations should have an impact on obtaining the policy changes that are needed.

b. PL-480 Title II (including Section 416)

PL-480 Programs continue to be important elements of the Mission's strategy to combat severe malnutrition, to address income distribution disparities, and to promote development activities among Peru's poorest and most neglected population groups. In FY 1989, an estimated 41,100 MT of Title II food resources will be required to continue to support CARE, CRS and ADRA nutrition and development activities, reaching approximately 760,000 beneficiaries. Beginning in the latter part of FY 1988 and continuing into FY 1989, an additional estimated 19,400 MT 1/ of Title II resources will also be channeled to a new PVO, cooperating with the Ministry of Health, to replace the current Section 416 maternal/child supplementary feeding program with the Ministry of Health, now that non-fat dry milk and butteroil are no longer available under the Section 416 program. This supplementary feeding program alone is expected to benefit in FY 1989 over 700,000 malnourished children under six years of age, as well as pregnant and lactating mothers. All these programs will continue to expand coverage to more neglected rural areas, an effort consistent with the multi-year

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1/ Of the total, a supplemental request of 6,400 MT has been made for FY 1988 and an estimated 13,000 MT will be required for FY 1989.

operational plan strategies of the sponsoring agencies, and in line with USAID and GOP supplementary feeding program policy.

Almost two-thirds of the Title II resources channeled through the PVOs is currently concentrated in Food-for-Work (FFW) programs, and this emphasis will continue in FY 1989. These programs focus principally on productive activities which include, in the agricultural sector, the rehabilitation and construction of irrigation canals, drainage ditches, wells, dikes, small reservoirs and river defenses for flood control, small animal raising, family and community gardens, reforestation and soil conservation activities, and seed banks, as well as handicrafts, small industrial enterprises, and jobs skill training programs designed to increase income and to provide productive employment.

With the liquidation of the PVO SEPAS in FY 1987, the follow-on to the PRAA FFW Reforestation Program, initiated under CARE sponsorship in FY 1988, will continue in FY 1989 to promote the rational use of Peru's limited wood resources and the preservation or recuperation of agricultural land affected by erosion through reforestation and soil conservation activities in prioritized rural areas of the Peruvian highlands. In addition to being an innovative and highly successful element of our food assistance strategy in Peru, this project is also considered a critically important component of the Mission's biological diversity strategy and program approach. The CARE-sponsored Basic Infrastructure Program (PIBA) was reformulated in early FY 1988 as the Integrated Food-Assisted Development Program (PRODIA), and will continue to implement income-generation, community feeding-center, and productive agricultural activities in coordination with Departmental Development Corporations and the Ministries of Health and Agriculture.

The malnutrition problem in Peru continues to be severe, as preliminary information from isolated nutritional surveillance activities (see Objective No. 16) suggests that the relatively high malnutrition levels reported in the 1984 National Nutrition and Health Survey have persisted. The current Section 416 MOH Supplementary Feeding Program is the single most intensive effort within our food assistance program to deal with the malnutrition problem. An evaluation of the program in September 1987 made important recommendations which have influenced the reformulation of the Section 416 Program as a Title II PVO-MOH/MCH Program beginning in FY 1988. The latter program will more fully integrate the provision of food aid with the delivery of child survival services in the MOH, as part of the Mission's overall CS strategy, and will provide the services of a technically specialized PVO to work with the MOH in the improved design, implementation, management and evaluation of this priority health and nutrition program. The Mission is also examining the possibility of expanding the program to include beneficiaries under the Social Security Institute (IPSS) health care system. This proposed approach is consistent with our efforts under the Mission's CSA Project and our overall health/CS program strategy to work with both the MOH and IPSS to facilitate the implementation of the GOP's policy of institutional functional integration.

Complementary resources will be programmed in FY 1989 to continue to support the PVOs in their food-assisted activities. Child Survival funds will continue to be provided to the three current PVOs ($280,000 in FY 1988 and about $350,000 in FY 1989) to enable them to strengthen their Title II maternal and child health care programs in growth monitoring, ORT, promotion of breastfeeding, immunization, better hygiene and nutritional practices. An additional $150,000 in Child Survival funds in both FY 1988 and FY 1989 is also planned for the new PVO involved in the MOH/MCH supplementary feeding program. Limited ARDN financial resources for the participating PVOs through OPGs (about $400,000 each FY) will be complemented both in FY 1988 and FY 1989 by an increasing proportion of PL 480 Title I generated local currency allocations and Section 416 or Title II monetization programs to meet increasingly higher logistics costs of more rural oriented programs and to support PVO development activities.

As a result of improved monitoring and evaluation systems and increased staffing for field supervision and technical assistance, the PVOs are making progress in upgrading their capacity to carry out more complex and expanded program activities. At the same time, the Multi-Year Operational Plan reviews, together with the findings in the May 1987 AID/IG audit report, joint Mission-PVO program reviews, and an intensive Mission internal review document (issued in January 1988) have identified operational areas which require improvement. To address some of these issues, the Mission intends to undertake a PVO Planning, Programming, and Management Needs Assessment in the latter part of FY 1988 to plan more effective training opportunities and assistance for the cooperating voluntary agencies. Also, in FY 1988, the Mission plans to undertake a comprehensive analysis of available food commodities (both local and those under Title II), ration sizes, nutrition objectives and feeding patterns and practices in order to establish a more scientific basis for determining the most appropriate types and amounts of PL 480 Title II commodities for Peru.

On the basis of another study to be conducted in FY 1988, the Mission will determine the feasibility of proceeding with a Title II or Section 416 monetization program in FY 1989 to support a rural credit and community development program for small farmers in economically depressed areas of the country. In recent years, rural credit programs with both GOP counterpart agencies and PVOs have been highly effective in meeting small farmer needs in projects assisted by A.I.D. in Peru. Accordingly, the Mission believes that the monetization of an appropriate Title II or Section 416 commodity to set up a rural credit program managed by a PVO could become a vitally important use of Mission food resources.

To manage the FY 1989 food assistance program and beyond, the Mission needs to identify an alternate means of funding the staff of the FFD Division. Of the six professional and three secretarial positions required, only two professionals and two secretaries are at present OE-funded, with the remainder funded with PD&S. Alternative funding sources currently being considered include PD&S funds, PL 480 Title I and/or Title II monetization local currency generations, and Mission OE funds.

FY 1987 LOCAL CURRENCY UTILIZATION
($000)

A. USES	SOURCES						
	ESF	PL 480 I	PL 480 II	PL 480 III	SEC 416	OTHER	TOTAL
HG BUDGET GENERAL							
HG BUDGET ATTRIBUTED							
HG CONTRIBUTION TO AID PROJECTS		19,212			3,581		22,793
HG CONTRIBUTION TO OTHER DONOR PROJ.							
HG MANAGED L/C PROJ. (GOVT OR PRIVATE)		3,358			400		3,758
AID MANAGED L/C PROJ							
AID OE TRUST FUND							
AID PROJ TRUST FUND							
SECTION 108							
OTHER							
TOTAL		22,570			3,981		26,551
B. CHANNEL FOR ASSISTANCE *							
PUBLIC SECTOR		22,570			2,393		24,963
PRIVATE SECTOR		--			1,588		1,588
TOTAL		22,570			3,981		26,551

* Determined by organization primarily responsible for managing the local currency resources and delivery of goods and services.

FY 1988 LOCAL CURRENCY UTILIZATION
($000)

A. USES	SOURCES						
	ESF	PL 480 I	PL 480 II	PL 480 III	SEC 416	OTHER	TOTAL
HG BUDGET GENERAL							
HG BUDGET ATTRIBUTED							
HG CONTRIBUTION TO AID PROJECTS		23,548			8,824		32,372
HG CONTRIBUTION TO OTHER DONOR PROJ.							
HG MANAGED L/C PROJ. (GOVT OR PRIVATE)		941			--		941
AID MANAGED L/C PROJ							
AID OE TRUST FUND							
AID PROJ TRUST FUND							
SECTION 108							
OTHER - PVO SUPPORT			1,374				1,374
TOTAL		24,489	1,374		8,824		34,687
B. CHANNEL FOR ASSISTANCE *							
PUBLIC SECTOR		22,519			8,824		31,343
PRIVATE SECTOR		1,970	1,374		--		3,344
TOTAL		24,489	1,374		8,824		34,687

* Determined by organization primarily responsible for managing the local currency resources and delivery of goods and services.

FY 1989 LOCAL CURRENCY UTILIZATION
($000)

A. USES	SOURCES: ESF	PL 480 I	PL 480 II	PL 480 III	SEC 416	OTHER	TOTAL
HG BUDGET GENERAL							
HG BUDGET ATTRIBUTED							
HG CONTRIBUTION TO AID PROJECTS		19,231					19,231
HG CONTRIBUTION TO OTHER DONOR PROJ.							
HG MANAGED L/C PROJ. (GOVT OR PRIVATE)		769					769
AID MANAGED L/C PROJ							
AID OE TRUST FUND							
AID PROJ TRUST FUND							
SECTION 108							
OTHER - PVO SUPPORT			458		1,500		2,158
TOTAL		20,000	458		1,500		22,158
B. CHANNEL FOR ASSISTANCE *							
PUBLIC SECTOR		18,391					18,391
PRIVATE SECTOR		1,609	458		1,500		3,767
TOTAL		20,000	458		1,500		22,158

* Determined by organization primarily responsible for managing the local currency resources and delivery of goods and services.

FY 1990 LOCAL CURRENCY UTILIZATION
($000)

A. USES	SOURCES: ESF	PL 480 I	PL 480 II	PL 480 III	SEC 416	OTHER	TOTAL
HG BUDGET GENERAL							
HG BUDGET ATTRIBUTED							
HG CONTRIBUTION TO AID PROJECTS		19,231					19,231
HG CONTRIBUTION TO OTHER DONOR PROJ.							
HG MANAGED L/C PROJ. (GOVT OR PRIVATE)		769					769
AID MANAGED L/C PROJ							
AID OE TRUST FUND							
AID PROJ TRUST FUND							
SECTION 108							
OTHER - PVO SUPPORT					2,500		2,500
TOTAL		20,000			2,500		22,500
B. CHANNEL FOR ASSISTANCE *							
PUBLIC SECTOR		18,391					18,391
PRIVATE SECTOR		1,609			2,500		4,109
TOTAL		20,000			2,500		22,500

* Determined by organization primarily responsible for managing the local currency resources and delivery of goods and services.

Conformance with Local Currency Management Guidance (87 State 327454 and 87 State 286499)

All local currency comes from food aid sales programs. In negotiating the FY 1986 and FY 1987 agreements, the Mission had given special attention to providing precise and complete agreement on implementation of local currency programs in the Memoranda of Understanding signed in each case at same time as signing of the agreement. All local currency from these agreement has been programmed under agreed upon guidelines that are in full agreement with the guidance issued in late CY 1987:

-- Joint programming in writing of all local currency.

-- Use of special accounts for all sales proceeds.

-- Interest bearing accounts for all funds, supplemented by maintenance of value clauses.

-- Detailed specification of reporting requirements and reviews of performance.

-- Requirement for provision of extensive project information and reporting for all non-AID projects.

-- Careful definition of sales proceeds for all agreements, designed to maximize funds deposited in the special account.

USAID/Peru has not had to make or seek any changes in local currency programming and management procedures directly as a result of the new guidance, since present procedures are in full compliance. However, as a result of increased management attention to local currency management, the following changes are now underway.

-- Preparation of a Mission manual order covering all aspects of local currency management, programming, and utilization.

-- Simplification and consolidation of reporting requirements, to lessen the burden on GOP while providing the Mission with all needed information, and greater emphasis on timely submission of required information.

-- Greater precision and timeliness in management of local currency programs to ensure that management norms are met.

The Mission assigned a senior FSN employee full time to local currency management at the start of FY 1988, and believes this will be sufficient. A small PD&S funded PSC is also being used to expedite preparation of overdue reports from the GOP and eliminate a backlog of overdue information.

Dependence of AID Projects on Local Currency

State 032090 of February 2, 1988, instructs USAID/Peru to discuss in the Action Plan what steps the Mission can take to lessen current heavy dependence on food aid generated counterpart to finance the GOP contributions to AID projects, given the uncertainty about future amounts of food aid counterpart.

The Mission considers that the most important thing to accomplish and the only permanent solution is to ensure that specific AID projects have a high priority in the sponsoring Ministry or GOP agency, in the National Planning Institute, and in the Budget Office of the Ministry of Economics and Finance. If this is the case, the GOP will provide the needed counterpart funds for the project whether or not AID counterpart is available.

For example, given the high level of support for INIPA, which implements the REE and ATT projects, the Mission has deliberately cut back on counterpart fund requests, refusing to agree to the higher GOP requests, and the GOP has been providing its own funds to support INIPA. In the case of the Rural Water Project, the GOP has decided to accelerate project execution and for 1988 requested Mission approval for about twice the amount of counterpart funding requested initially by the AID. Since counterpart funds are available, and the Mission did not have higher priority projects to be proposed for funding with the additional counterpart, it agreed to use additional counterpart funds for the project. Exactly the same process occurred for the 1988 funds for the Alto Huallaga valley project and the Administration of Justice project, where the GOP decided fundings should be increased by over 20% from the USAID requests.

In all cases, the GOP will not allocate counterpart or other funds to AID projects unless the respective Ministry has requested the funds directly from the Budget Office of the Ministry of Economics and Finance. Because of this, all project officers in the Mission work with the budget officers in their ministry or agency to develop and justify the yearly budget and supplemental budget requests for projects that the Ministry must send to the Budget Office.

If food aid counterpart fund levels fall in the future, as they may in the absence of new Section 416 sugar quota offset agreements, so that food aid counterpart is not sufficient to finance all AID project related needs, the Mission will give highest priority to using the food aid counterpart for the purposes that have the lowest level of institutional support within the GOP, such as the budget transfers to Caritas, ADRA/OFASA, and CARE, funding the projects with the highest level of GOP institutional support with GOP funds.

Though the Mission has fully adequate food aid counterpart funds in 1988 for the AID supported projects, there are other GOP agencies that would like to use these food aid counterpart funds for other projects, even if it means that AID related projects would go unfunded. If the Mission is generally fully successful in getting food aid counterpart allocated by the GOP to the projects which the Mission supports, it is because the Mission has taken the long view of building up support for its projects within the GOP, ensuring

that the requests it makes to the GOP are well justified and not inflated, working with the Budget Office and the Ministries on a professional and technical basis, and avoiding political approaches and "arm twisting" to get counterpart funds allocated to projects that are not supported at the technical level within the GOP.

The Mission has also consciously sought progressively to reduce GOP dependence on food aid counterpart support in its new projects, by building into project designs phased decreases in utilization of counterpart and phased increases in direct GOP support, so that at the PACD date, the GOP is providing all local currencies, and activities will continue without food aid counterpart financing after project completion. For example, the PP for the Agricultural Technology Transformation Project (0282), page 88, provides for phasing use of counterpart down to 20% of the minimum 25% contribution required from the GOP by the last year of the project. The PP for the Child Survival Action Project (0285) also contains a schedule for reducing the counterpart contributions to the project in each successive year, and phasing in increasing direct GOP contributions to the project.

Women in Development

Two important components of the LAC Bureau WID strategy (85 State 130497), (1) integrating women into the mainstream of Mission programming, and (2) including appropriate elements that address women's concerns in new projects at the design stage, are being implemented by the Mission as described below.

The continued participation of women in agriculture is essential in reaching Objective No. 1, Increasing Agricultural Production. Authorized in September 1987, the Agricultural Technology Transformation (ATT) Project provided careful attention to women's participation, particularly the inclusion of women as recipients of agricultural extension services. A component of the Agriculture Research, Extension and Education Project is a communication program for technology transfer in agriculture which designs and tests mass media messages for farmers. The program is being evaluated in terms of the messages that actually reach both men and women farmers and the resulting impact on behavior. The sex segregated data is expected to be available in FY 89 and will be utilized in the implementation of the ATT Project. The Small Ruminants CRSP is testing ruminant technologies at the community level to determine acceptability and adoption rates among both men and women farmers. The results can be utilized to benefit women farmers to the extent they are involved with small ruminants. Women's interests will also receive attention in the design of the Non-Traditional Agricultural Export Project scheduled for FY 1988.

Women's roles in society and women's concerns are also central to Objective No. 2, Supporting the Private Sector. Earlier USAID sponsored research determined that half of the commerce in Lima is on an informal basis, and a sizeable proportion of the informal sector business is conducted through street vendors. With over half of all street vendors being women, women's participation in the informal economy is clearly of significance, and women's income producing projects are one of the priority activities for funding under USAID's Special Development Activities Fund. Women will also benefit from the FY 87 USAID OPG with CARE which will develop and grant loans to micro entrepreneurs, including women. The USAID funded Private Sector Management Improvement Project is training women for the private sector. Under the Project, designed to improve and expand private sector training opportunities at the three leading business schools in Peru, women's enrollment in business administration training is steadily increasing, with approximately 25%, 30% and 35% of such students at the three universities now being female. Women, also under this project, are receiving training in other areas pertinant to the private sector, such as accounting, economics and industrial engineering.

Women physicians, nurses, educators, outreach workers, administrators, researchers, media personnel, and others have been crucial to the progress made in achieving Objective No. 8, Increasing Access to Voluntary Family Planning Services. Three AID funded projects, Integrated Health and Family Planning, Contraceptive Social Marketing and Private Sector Family Planning Project, have all provided training, equipment and supplies to strengthen and expand women's participation in the family planning distribution network in

the public and private sectors. The USAID-funded "1986 Demographic and Family Health Study" has verified increasing acceptance of, desire for, and use of family planning services. In addition to strongly supporting employed women's participation in the delivery of family planning services, the women recipients clearly benefit by gaining control over the reproductive aspect, and consequently other components, of their lives.

As in the achievement of the family planning objective, a wide range of women are vitally important to achieving Objectives No. 9 and 10, Improving Health and Health Services and Reducing Infant and Child Mortality. The major USAID effort in this area has been through three projects: (1) the Integrated Health and Family Planning Project, which provided important training, supplies, equipment, and transportation to women working in the maternal and child health care delivery system; (2) the new FY 87 Child Survival Action Project, which will build on this approach and includes a health communications/community participation component which will be directed largely to women. The Project will also continue to facilitate the integration of women at all levels into the health care delivery system with the provision of training to expand and strengthen women's knowledge and skill levels, and the provision of equipment and supplies to enable the application of that training and to improve the overall delivery of services; and (3) the Rural Water Systems and Environmental Sanitation Project which benefits 250,000 men, women and children through the construction of water systems and latrines. As women are the primary teachers of and influence on their children and caretakers of the family, their acceptance and correct useage of basic health, hygiene practices and sanitation practices taught in this Project are critical to general health improvement.

Efforts will continue to be made under Objective No. 13, Increasing Numbers and Improving Effectiveness of Participant Training, to increase the number of female Peruvians sent oversees for training. Under the new FY 1987 Andean Peace Scholarship Program, the Mission is planning that at least 40%, or 160 of the projected 400 participants to be sent for long and short term training during the four-year project will be women, including farming women, community and pueblos jóvenes leaders, high school and college level women students, professors and teachers, and women journalists and politicians. The Mission also will continue to work to increase the percentage of women trained under LAC II and its bilateral projects in all sectors.

PART III

A. MANAGEMENT STRATEGY

Summary

Mission Operating Expense levels have decreased substantially since FY-86 after completion of the USAID/Peru office relocation project last year. OE levels were $5,200,000 in FY-86, $4,671,700 in FY-87 and $4,350,000 planned in FY-88. Peru has gone from being the second highest cost Mission in the Bureau to sixth. Our strategy to further conserve OE resources during the planning period centers on completing a staff reduction plan presented to LAC in late 1987.[1/] The plan provides a detailed analysis of program activities and staff requirements to insure sound program management. The plan also identifies, by office and by position, program monitoring services and seeks to fund these services where possible within a project or activity. Moreover, the plan identifies eight food assistance related positions in FY-88 and ten in FY-89, which the Mission believes are appropriate for PD&S or trust fund financing, if this is authorized by AID/W.

The critical management issues for LAC decision making are:

- The number and types of proposed program activities during the planning period.
- Agreement on the Mission's staff reduction plan.
- Decision on the authorized funding sources for food assistance monitoring personnel.

Discussion

The Action Plan outlines a program to pursue those LAC bureau priorities that make developmental sense in Peru and support our overall foreign policy objectives. The emphasis has been to plan the most effective program possible in light of restricted budget availabilities, developmental needs in Peru and our current/long-term interests in Peru. Our staff and operating expense requirements flow from our program plan and are designed to assure that internal control and program oversight standards are maintained. As mentioned in the summary section above, our strategy for OE cost containment centers on the rigorous examination of the quantity of all personnel and their skills mix necessary to manage our portfolio. Our OE funded staff will continue to decrease from an on-board level of 162 at the end of FY-86 to a level of 109 at the end of

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1/ USAID/Peru Proposal for Staffing and Operating Expenses for FY-88 and FY-89. Also see pp 16-18 of this proposal for a discussion of factors requiring costs to be relatively higher than most other Missions.

FY-89. Staff FNDH/FNPSC decreases were originally proposed based on the type of positions to be deleted; however, our strong preference is to maintain our FNDH ceiling. FNDH positions would be established as vacancies occur for core professional positions while adhering to our reduction plan in total numbers. (See the Mission's staff reduction paper for a detailed analysis of program activities and staff management requirements.) Also, additional OE staff funding requirements can be avoided by continuing to draw upon PD&S program funds or PL 480, Title I local currencies to fund appropriate food assistance monitoring positions. We understand that GC has not yet ruled on using Title I sales proceeds for this purpose. The Table VIIIs reflect the additional OE cost if Trust Funds cannot be made available to finance these positions. If PD&S funds can be utilized through modification of current policy guidance, contract positions could be program funded while direct hire costs would fall on OE (the ten positions identified for trust fund financing in FY-89 are 1 USPSC, 2 FNDHs and 7 FNPSCs). While implementing LAC PD&S policy guidelines did require the Mission to place greater emphasis on financing implementation and monitoring services within individual projects, a funding source for long term PL 480 related services, previously financed under PD&S, has not yet been found. A determination on the trust fund mechanism or a modification in the PD&S guidelines is needed.

The Action Plan guidance asks specifically for comments on "portfolio consolidation: plans for reducing the number of discrete management units in order to achieve better program focus and facilitate management of the remaining portfolio". This subject has received substantial management attention at USAID/Peru and several positive steps have been taken. The new ATT project will use four key implementing organizations to channel resources to the many public and private sector actors that are necessary for the successful development and expansion of the agriculture technology transfer system in Peru. Thus, a broad and significant program impact is planned with limited Mission management resources required. Similarly, the Private Sector Population project utilizes a single intermediary to channel resources to various key Peruvian family planning organizatons that are necessary vehicles to expand family planning practices in Peru. Overall we seek to use intermediaries to perform more and broader implementation functions to streamline Mission management and reduce the number of separate projects (management units). However, we believe the range of activities described elsewhere in this Action Plan are necessary to address LAC priorities, respond to Agency and congressional initiatives and support our foreign policy objectives in Peru. Also these activities fit well with the development needs and priorities of Peru. The program mix is correct, well targeted and appropriate to the achievement of USG development and policy objectives.

Regarding planned management actions to conserve OE resources beyond portfolio consolidation and the staff reduction plan, management of the USAID office building should be mentioned. The Mission has successfully implemented our plan (see last year's Action Plan management narrative) to reduce office rental costs by leasing excess office space to USIS, FAS, FCS and State (for the post medical unit). This leasing program will result in savings at post of approximately $ 240,000 per year at current prices and another savings of $ 40,000 in FAAS offset (medical unit). Also a contract implementation team under the Andean Peace Scholarship project will occupy an additional, although small, portion of the building space on a lease basis. The Mission will continue to review the potential for other opportunities for further leasing of the limited available excess office space. Only the after savings net rental costs are budgeted under function code 501 in Table VIII.

Regarding the most important needs for program wide management improvements identified through Mission program reviews, vulnerability assessments and audit reports, the following items are on the Mission's agenda:

- Project Officer training. The 1987 Internal Control Assessment project officers' survey indicated a training need, and Mission management has made a special effort in programming limited OE resources to provide for training opportunities. Much will be accomplished in FY-88 but limited financial resources will mean that our training objective must be pursued over time, and into FY-89.

- Control of payment invoices. A new automated payables tracking system has been designed and placed in use in the Controller's Office. The system provides for improved document tracking and reporting to other Mission offices of documents in process. However, submission of payables documents direct to the paying station as well as integration of tracking system reports into Mission operations remains to be improved and should be substantially accomplished in the near future.

- Quarterly accrued expenditure reporting. Formal procedures were established during the first quarter of FY-88 to assure participation of all project officers in the accrual process and the breadth of their participation in the financial reports prepared at December 31, 1987 showed a significant improvement.

- Mission evaluation system. The Mission plans to prepare a Mission Order covering our project/program evaluation procedures to clearly identify responsibilities for evaluation planning, coordination, reporting and utilization of results. Planned issuance date is April 30, 1988.

- Mission management of PL 480 activities. The Mission is currently preparing a Mission Order regarding management PL 480 activities to address all aspects of program planning, implementation and monitoring, including USAID/GOP responsibilities for local currency counterpart monitoring.

Policy, procedural and administrative improvements that could be taken by AID/W to improve Mission efficiency and effectiveness:

- Filling USDH vacancies needs improvement. The Mission has experienced prolonged vacancies in USDH positions as timely replacement of departing personnel has not occurred. These lapses pose serious program management problems and raise our vulnerability due to weakened program monitoring capacity.

- Continue the improvements already begun to reduce USDH payroll errors and more quickly correct errors when they occur. Problems in this function create a time consuming follow-up requirement at the Mission and adversely affect employee morale.

- In the post assignment process, provide specific information on where employees will take language training (AID/W or Guatemala) and those costs gaining/losing Missions should fund where travel is complex and application of general guidance requires interpretation. This will improve financial planning and avoid follow-up messages for clarification between posts and AID/W.

- A systematic process is needed to provide financial and program reports on centrally funded projects to field Missions regarding those activities being implemented in-country. This would enable the Mission to more accurately respond to questions raised by host country institutions, improve controls on in-country activities from a security perspective and improve overall program monitoring.

The Budget

The Table VIIIs provide the Mission's detailed budget estimates based on our staff reduction plan and some very critical assumptions on the volatile economic situation in Peru. Domestic inflation is increasing and currently running in excess of 200% per year. GOP policy with respect to exchange rate management is uncertain but will likely continue to result in an overvalued inti (see Table VIII footnote regarding budget inflation factors used). Overall we estimate total Mission Operating Expenses (after reduction of AID/W costs) to rise 5.7% from FY-88 to FY-89 and 2.2% from FY-89 to FY-90. The FY-89 and FY-90 budgets include regular replacement non-expendable property and some limited procurement of additional computer equipment as recommended recently by M/SER/IRM.

The budgets are also a reflection of the security environment existing in Peru. We have discussed earlier actions implemented to lessen our outlays for office space but this expense category remains significant at $494,000 in FY-89 and $514,000 in FY-90. While it is difficult to attribute an amount to these costs as a result of our country-specific security circumstance, the driving force in the move from an AID owned building to the current leased building was security. Beyond office space costs, the budgets include other security related costs of approximately $98,000 in FY-89 and $102,000 in FY-90. These costs include such things as additional vehicle requirements and usage for home to office transportation of USDH personnel, higher vehicle operating costs due to armoring and security related services (security staff, bodyguard, etc.). Giving some consideration to office space costs plus the other annual security related recurring expenses, there is a significant budget requirement in Peru because we are a high threat post. This is yet another factor that needs to be taken into consideration in any comparison of Peru's budget to those of most other Missions.

Our recent proposal to reduce staff and operating expense was based on a rigorous analysis and critical management decisions designed to lower costs to the absolute feasible minimum. As a result, our current OE estimates for FY-88 and FY-89 have been cut substantially from those prepared less than a year ago in last year's Action Plan. The current Operating Expense estimates for USAID/Peru compared with those submitted in last year's action plan are as follows:

USAID/PERU OE ESTIMATES
($000)

	FY-88	FY-89	FY-90
Last Year's Action Plan	$ 5,852.0	$ 7,028.9	$ -
This Action Plan	4,350.0	4,595.6	4,698.0
	$ 1,502.0	$ 2,433.3	N/A
Percent Change	-25.7	-34.6	

Finally, it should be noted that the Mission's budget for FY-88 of $4,350,000 conforms to the approved LAC annual plan level.

Annex 9
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FY 87

OPERATING EXPENSE
DOLLAR AND TRUST FUND
STAFFING LEVEL

	USDH	FNDH		IDI	Res.H	USPSC	FNPSC		MANPOWER		CONT.	TOTAL
		<7	>6				<7	>6	PROF.	CLER.	D/C	
OFFICE												
DIRECTOR	2		1			1						4
EXECUTIVE	1	4	12			1	14	9		30	38	109
CONTROLLER	2	1	8		1		12	13				37
PROGRAM	4		2				3	1				10
DEVELOPMENT RESOURCES	3	2	6				6					17
AGRICULTURE & RURAL DEV.	5	1	2				5	3				16
HUMAN RESOURCES	4		7				11	2				24
TOTAL	21	8	38	-.-	1	2	51	28	-.-	30	38	217
		(a)					(b)	(c)				

(a) incl. 1 Part time
(b) incl. 2 Part time
(c) incl. 1 TCN

Annex 9
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FY 87

PD&S
STAFFING LEVEL

	FNDH		RES	USPSC	FNPSC		MANPOWER		CONT.	TOTAL
	<7	>6	HIRE		<7	>6	PROF.	CLER.	D/C	
OFFICE										
DEVELOPMENT RESOURCES				3		1				4
AGRICULTURE & RURAL DEV.				2						2
HUMAN RESOURCES				5		2				7
TOTAL				10		3				13

FY 87

PROGRAM/PROJECT
STAFFING LEVEL

	FNDH		RES	USPSC	FNPSC		MANPOWER		CONT.	TOTAL
	<7	>6	HIRE		<7	>6	PROF.	CLER.	D/C	
OFFICE										
DEVELOPMENT RESOURCES						1				1
AGRICULTURE & RURAL DEV.				2						2
HUMAN RESOURCES				1						1
TOTAL				3		1				4

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FY 88

OPERATING EXPENSE
DOLLAR AND TRUST FUND
STAFFING LEVEL

	USDH	FNDH		IDI	Res.H	USPSC	FNPSC		MANPOWER		CONT.	TOTAL
		<7	>6				<7	>6	PROF.	CLER.	D/C	
OFFICE												
DIRECTOR	2		1		1							4
EXECUTIVE	1	4	11			1	5	9		25	33	89
CONTROLLER	2		8		1		11	12				34
PROGRAM	3		2				3	1				9
DEVELOPMENT RESOURCES	3	2	5				3					13
AGRICULTURE & RURAL DEV.	5	1	1				3	3				13
HUMAN RESOURCES	4		5				9	3				21
TOTAL	20	7	33		2	1	34	28		25	33	183

(a)

(a) incl. Other Agencies offset (6)

Annex 9
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FY 88

PD&S
STAFFING LEVEL

	FNDH <7	FNDH >6	RES HIRE	USPSC	FNPSC <7	FNPSC >6	MANPOWER PROF.	MANPOWER CLER.	CONT. D/C	TOTAL
OFFICE										
AGRICULTURE & RURAL DEV.				1						1
HUMAN RESOURCES				1		1				2
TOTAL				2		1				3

FY 88

PROGRAM/PROJECT
STAFFING LEVEL

	FNDH <7	FNDH >6	RES HIRE	USPSC	FNPSC <7	FNPSC >6	MANPOWER PROF.	MANPOWER CLER.	CONT. D/C	TOTAL
OFFICE										
DEVELOPMENT RESOURCES				4	2	2				8
AGRICULTURE & RURAL DEV.				1	2	1				4
HUMAN RESOURCES				3	3	2				8
TOTAL				8	7	5				20

(a)

(a) incl. 1 TCN

FY 89

OPERATING EXPENSE
DOLLAR AND TRUST FUND
STAFFING LEVEL

	USDH	FNDH		IDI	Res.H	USPSC	FNPSC		MANPOWER		CONT.	TOTAL
		<7	>6				<7	>6	PROF.	CLER.	D/C	
OFFICE												
DIRECTOR	2		1		1							4
EXECUTIVE	2	3	10				5	9		25	32	86
CONTROLLER	2		8				10	12				32
PROGRAM	3		2				3	1				9
DEVELOPMENT RESOURCES	3	2	4				2					11
AGRICULTURE & RURAL DEV.	4	1					3	3				11
HUMAN RESOURCES	4		5			1	9	4				23
TOTAL	20	6	30		1	1	32	29		25	32	176

(a)

(a) incl. Other Agencies offset (6)

Annex 9
Page 6 of 8
FY 89

PD&S
STAFFING LEVEL

	FNDH		RES	USPSC	FNPSC		MANPOWER		CONT.	TOTAL
	<7	>6	HIRE		<7	>6	PROF.	CLER.	D/C	
OFFICE										
- NONE -										
TOTAL										

FY 89

PROGRAM/PROJECT
STAFFING LEVEL

	FNDH		RES	USPSC	FNPSC		MANPOWER		CONT.	TOTAL
	<7	>6	HIRE		<7	>6	PROF.	CLER.	D/C	
OFFICE										
DEVELOPMENT RESOURCES				4	3	2				9
AGRICULTURE & RURAL DEV.				1	2	1				4
HUMAN RESOURCES				3	4	1				8
TOTAL				8	9	4				21

(a)

(a) incl. 1 TCN

FY 90

OPERATING EXPENSE
DOLLAR AND TRUST FUND
STAFFING LEVEL

	USDH	FNDH		IDI	Res.H	USPSC	FNPSC		MANPOWER		CONT.	TOTAL
		<7	>6				<7	>6	PROF.	CLER.	D/C	
OFFICE												
DIRECTOR	2		1		1							4
EXECUTIVE	2	3	10				5	9		25	32	86
CONTROLLER	2		8				10	12				32
PROGRAM	3		2				3	1				9
DEVELOPMENT RESOURCES	3	2	4				2					11
AGRICULTURAL & RURAL DEV.	4	1					3	3				11
HUMAN RESOURCES	4		5			1	9	4				23
TOTAL	20	6	30		1	1	32	29		25	32	176

(a)

(a) incl. Other Agencies offset (6)

Annex 9
Page 8 of 8
FY 90

PD&S
STAFFING LEVEL

	FNDH		RES	USPSC	FNPSC		MANPOWER		CONT.	TOTAL
	<7	>6	HIRE		<7	>6	PROF.	CLER.	D/C	
OFFICE										
- NONE -										
TOTAL										

FY 90

PROGRAM/PROJECT
STAFFING LEVEL

	FNDH		RES	USPSC	FNPSC		MANPOWER		CONT.	TOTAL
	<7	>6	HIRE		<7	>6	PROF.	CLER.	D/C	
OFFICE										
DEVELOPMENT RESOURCES				4	3	2				9
AGRICULTURE & RURAL DEV.				1	2	1				4
HUMAN RESOURCES				3	4	1				8
TOTAL				8	9	4				21

(a)

(a) incl. 1 TCN

C. OPERATING EXPENSES

FY 1988-1990 ACTION PLAN PERU (25527)			FY 1987 ACT. ($ 000)					FY 1988 EST. ($ 000)					FY 1989 REQUEST ($ 000)					FY 1990 REQUEST ($ 000)				
EXPENSE CATEGORY	FUNC TION	OBJ CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST
U.S. DIRECT HIRE	U100		1,836.6	0.0	1,836.6			1,944.4	0.0	1,944.4			2,003.7	0.0	2,003.7			1,956.0	0.0	1,956.0		
U.S. CITIZENS BASIC PAY	U101*	110	1,111.7	0.0	1,111.7	21.2	52.4	991.9		991.9	18.5	53.6	1,072.0		1,072.0	20.0	53.6	1,072.0		1,072.0	20.0	53.6
PT/TEMP U.S. BASIC PAY	U102*	112	26.4	0.0	26.4	0.6	44.0	33.0		33.0	0.9	36.7	44.0		44.0	1.2	36.7	29.4		29.4	0.8	36.7
DIFFERENTIAL PAY	U103*	116	144.7	0.0	144.7			148.8		148.8			160.8		160.8			160.8		160.8		
OTHER AID/W FUNDED CODE 11	U104*	119	145.1	0.0	145.1			148.8		148.8			160.8		160.8			160.8		160.8		
OTHER MISSION FUNDED CODE 11	U105	119	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0					0.0		
EDUCATION ALLOWANCES	U106	126	85.0	0.0	85.0	12.0	7.1	193.0	0.0	193.0	19.0	10.2	210.0	0.0	210.0	29.0	7.2	180.0		180.0	26.0	6.2
RETIREMENT-U.S. DIRECT HIRE	U107*	120	78.7	0.0	78.7			69.4		69.4			75.0		75.0			75.0		75.0		
LIVING ALLOWANCES	U108	128	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0					0.0		
OTHER AID/W FUNDED CODE 12	U109*	129	40.3	0.0	40.3			40.4		40.4			43.6		43.6			43.6		43.6		
OTHER MISSION FUNDED CODE 12	U110	129	10.5	0.0	10.5			10.0	0.0	10.0			8.0	0.0	8.0			5.0		5.0		
POST ASSIGNMENT - TRAVEL	U111	212	31.0	0.0	31.0	10.0	3.1	79.6	0.0	79.6	12.0	6.6	36.0	0.0	36.0	5.0	7.2	21.0		21.0	3.0	7.0
POST ASSIGNMENT - FREIGHT	U112	220	107.9	0.0	107.9	10.0	10.8	161.0	0.0	161.0	12.0	13.4	70.0	0.0	70.0	5.0	14.0	43.0		43.0	3.0	14.3
HOME LEAVE - TRAVEL	U113	212	22.8	0.0	22.8	5.0	4.6	25.1	0.0	25.1	5.0	5.0	46.3	0.0	46.3	8.0	5.8	79.3		79.3	9.0	8.8
HOME LEAVE - FREIGHT	U114	220	10.9	0.0	10.9	5.0	2.2	15.9	0.0	15.9	5.0	3.2	22.5	0.0	22.5	8.0	2.8	36.8		36.8	9.0	4.1
EDUCATION TRAVEL	U115	215	0.0	0.0	0.0			0.0	0.0	0.0	0.0	ERR	0.0	0.0	0.0	0.0	ERR			0.0		ERR
R AND R TRAVEL	U116	215	19.5	0.0	19.5	10.0	2.0	11.5	0.0	11.5	6.0	1.9	36.7	0.0	36.7	9.0	4.1	31.3		31.3	8.0	3.9
OTHER CODE 215 TRAVEL	U117	215	2.1	0.0	2.1	2.0	1.1	18.0	0.0	18.0	6.0	3.0	18.0	0.0	18.0	6.0	3.0	18.0		18.0	6.0	3.0
F. N. DIRECT HIRE	U200		820.1	0.0	820.1			906.3	0.0	906.3			850.3	57.5	907.8			750.0	60.8	810.8		
BASIC PAY	U201	114	522.1	0.0	522.1	44.3	11.8	538.3	0.0	538.3	43.0	12.5	493.0	35.0	528.0	40.0	13.2	466.9	37.1	504.0	36.0	14.0
OVERTIME, HOLIDAY PAY	U202	115	15.5	0.0	15.5	1.1	14.1	15.0	0.0	15.0	1.0	15.0	15.8	0.0	15.8	1.0	15.8	16.8		16.8	1.0	16.8
ALL OTHER CODE 11 - FN	U203	119	4.5	0.0	4.5			8.0	0.0	8.0			8.0	0.0	8.0			8.0		8.0		
ALL OTHER CODE 12 - FN	U204	129	181.8	0.0	181.8			185.0	0.0	185.0			165.5	11.5	180.0			160.0	12.0	172.0		
BENEFITS FORMER FN PERSONNEL	U205	130	96.2	0.0	96.2			160.0	0.0	160.0			165.0	11.0	176.0			98.3	11.7	110.0		
CONTRACT PERSONNEL	U300		1,233.9	0.0	1,233.9			1,236.9	0.0	1,236.9			1,023.3	182.7	1,206.0			1,102.9	192.1	1,295.0		
PASA TECHNICIANS	U301	258	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0					0.0		
U.S. PSC - SALARY/BENEFITS	U302	113	75.6	0.0	75.6	2.2	34.4	50.0	0.0	50.0	1.0	50.0	0.0	70.0	70.0	1.0	70.0		73.0	73.0	1.0	73.0
ALL OTHER U.S. PSC COSTS	U303	255	5.6	0.0	5.6			60.0	0.0	60.0			0.0	40.0	40.0				42.0	42.0		
F.N. PSC - SALARY/BENEFITS	U304	113	654.8	0.0	654.8	77.9	8.4	661.9	0.0	661.9	74.0	8.9	537.3	72.7	610.0	62.0	9.8	580.9	77.1	658.0	61.0	10.8
ALL OTHER F.N. PSC COSTS	U305	255	11.2	0.0	11.2			25.0	0.0	25.0			26.0	0.0	26.0			26.0		26.0		
MANPOWER CONTRACTS	U306	259	486.7	0.0	486.7			440.0	0.0	440.0			460.0	0.0	460.0			496.0		496.0		
JCC COSTS PAID BY AID/W	U307*	113	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0					0.0		
HOUSING	U400		307.9	0.0	307.9			296.0	0.0	296.0			400.2	0.0	400.2			454.8	0.0	454.8		
RESIDENTIAL RENT	U401	235	41.2	0.0	41.2			42.9	0.0	42.9			45.8	0.0	45.8			48.9		48.9		
RESIDENTIAL UTILITIES	U402	235	3.7	0.0	3.7			5.0	0.0	5.0			5.5	0.0	5.5			5.8		5.8		
MAINTENANCE AND RESERVATION	U403	259	1.0	0.0	1.0			1.5	0.0	1.5			1.5	0.0	1.5			1.5		1.5		
QUARTERS ALLOWANCE	U404	127	215.3	0.0	215.3	17.7	12.2	232.0	0.0	232.0	17.0	13.6	270.0	0.0	270.0	18.2	14.8	279.0		279.0	19.0	14.7
RESIDENTIAL FURNITURE/EQUIP	U405	311	31.2	0.0	31.2			0.0	0.0	0.0			41.3	0.0	41.3			68.2		68.2		
TRANS./FREIGHT - CODE 311	U406	220	1.7	0.0	1.7			0.0	0.0	0.0			20.6	0.0	20.6			33.7		33.7		
SECURITY GUARD SERVICES	U407	259	11.1	0.0	11.1			12.0	0.0	12.0			12.0	0.0	12.0			13.0		13.0		
OFFICIAL RESIDENCE ALLOWANCE	U408	254	0.7	0.0	0.7			1.0	0.0	1.0			1.5	0.0	1.5			1.7		1.7		
REPRESENTATION ALLOWANCES	U409	252	2.0	0.0	2.0			1.6	0.0	1.6			2.0	0.0	2.0			2.2		2.2		

FY 1989-1990 ACTION PLAN PERU (25527)			FY 1987 ACT. ($ 000)					FY 1988 EST. ($ 000)					FY 1989 REQUEST ($ 000)					FY 1990 REQUEST ($ 000)				
EXPENSE CATEGORY	FUNC TION	OBJ CLASS	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST	DOLLARS	TRUST FUNDS	TOTAL BUD	UNITS	UNIT COST
OFFICE OPERATIONS	U500		2,091.8	0.0	2,091.8			1,426.7	0.0	1,426.7			1,666.1	0.0	1,666.1			1,757.8	0.0	1,757.8		
OFFICE RENT	U501	234	707.9	0.0	707.9			425.1	0.0	425.1			494.0	0.0	494.0			514.0		514.0		
OFFICE UTILITIES	U502	234	54.2	0.0	54.2			120.0	0.0	120.0			133.5	0.0	133.5			140.0		140.0		
BUILDING MAINT./RENOVATION	U503	259	57.8	0.0	57.8			25.0	0.0	25.0			10.0	0.0	10.0			10.0		10.0		
OFFICE FURNITURE/EQUIPMENT	U504	310	86.8	0.0	86.8			0.0	0.0	0.0			45.5	0.0	45.5			66.3		66.3		
VEHICLES	U505	312	99.3	0.0	99.3			0.0	0.0	0.0	0.0	ERR	36.0	0.0	36.0	2.0	18.0	57.0		57.0	3.0	19.0
OTHER EQUIPMENT	U506	319	123.8	0.0	123.8			0.0	0.0	0.0			39.1	0.0	39.1			18.1		18.1		
TRANSPORTATION / FREIGHT	U507	220	16.9	0.0	16.9			0.0	0.0	0.0			30.1	0.0	30.1			29.8		29.8		
FURN/EQUIP/VEH REPAIR/MAINT.	U508	259	11.6	0.0	11.6			20.0	0.0	20.0			22.0	0.0	22.0			23.0		23.0		
COMMUNICATIONS	U509	230	117.4	0.0	117.4			160.0	0.0	160.0			176.0	0.0	176.0			185.0		185.0		
SECURITY GUARD SERVICES	U510	259	79.5	0.0	79.5			60.6	0.0	60.6			0.0	0.0	0.0					0.0		
PRINTING	U511	240	3.3	0.0	3.3			2.0	0.0	2.0			2.5	0.0	2.5			2.5		2.5		
SITE VISIT-MISSION PERSONNEL	U513	210	21.4	0.0	21.4	88.0	0.2	25.0	0.0	25.0	88.0	0.3	26.2	0.0	26.2	88.0	0.3	27.5		27.5	88.0	0.3
SITE VISIT-AID/ PERSONNEL	U514	210	18.9	0.0	18.9	7.0	2.7	18.0	0.0	18.0	7.0	2.6	19.0	0.0	19.0	7.0	2.7	20.0		20.0	7.0	2.9
INFORMATION MEETINGS	U515	210	18.5	0.0	18.5	14.0	1.3	20.0	0.0	20.0	14.0	1.4	21.0	0.0	21.0	14.0	1.5	22.0		22.0	14.0	1.6
TRAINING ATTENDANCE	U516	210	11.4	0.0	11.4	5.0	2.3	14.0	0.0	14.0	5.0	2.8	15.0	0.0	15.0	5.0	3.0	15.7		15.7	5.0	3.1
CONFERENCE ATTENDENCE	U517	210	20.4	0.0	20.4	13.0	1.6	20.0	0.0	20.0	13.0	1.5	21.0	0.0	21.0	13.0	1.6	22.0		22.0	13.0	1.7
OTHER OPERATIONAL TRAVEL	U518	210	3.0	0.0	3.0	4.0	0.8	3.0	0.0	3.0	4.0	0.8	3.2	0.0	3.2	4.0	0.8	3.4		3.4	4.0	0.9
SUPPLIES AND MATERIALS	U519	260	438.3	0.0	438.3			354.0	0.0	354.0			390.0	0.0	390.0			410.0		410.0		
FAAS	U520*	257	71.7	0.0	71.7			30.0	0.0	30.0			32.0	0.0	32.0			34.0		34.0		
CONSULTING SVCS. - CONTRACTS	U521	259	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0					0.0		
MGT./PROF. SVCS. - CONTRACTS	U522	259	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0					0.0		
SPEC STUDIES/ANALYSES - CONT.	U523	259	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0					0.0		
ALL OTHER CODE 25	U524	259	129.7	0.0	129.7			130.0	0.0	130.0			150.0	0.0	150.0			157.5		157.5		
TOTAL O.E. EXPENSE BUDGET			6,290.3	0.0	6,290.3			5,812.3	0.0	5,812.3			5,943.6	240.2	6,183.8			6,020.7	252.9	6,273.6		
RECONCILIATION			1,618.6	0.0	1,618.6			1,462.3	0.0	1,462.3			1,588.2	0.0	1,588.2			1,575.6	0.0	1,575.6		
SECTION 636(c) (Non-add)	U660	320	0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0			0.0	0.0	0.0		
OPERATING EXPENSE REQUIREMENTS	U600		4,671.7	0.0	4,671.7			4,350.0	0.0	4,350.0			4,355.4	240.2	4,595.6			4,445.1	252.9	4,698.0		
			TOTAL NO. ADP WORK STATIONS				57	TOTAL NO. ADP WORK STATIONS				57	TOTAL NO. ADP WORK STATIONS				57	TOTAL NO. ADP WORK STATIONS				57
			TOTAL NUMBER OF PC'S				17	TOTAL NUMBER OF PC'S				17	TOTAL NUMBER OF PC'S				21	TOTAL NUMBER OF PC'S				21
OBJECT CLASS 210 TRAVEL			93.6	0.0	93.6			100.0	0.0	100.0			105.4	0.0	105.4			110.6	0.0	110.6		
Dollars Required for Local Currency Expenses			2,703.2					2,479.5					2,619.5					2,677.8				
Exchange Rate Used (November 2, 1987)			11.1																			

USAID PERU

EVALUATION REPORT

PROJECT NO. & TITLE	PLANNED FY 1987 Start (Qtr)	PLANNED FY 1987 To AID/W (Qtr)	ACTUAL FY 1987 Start (Qtr)	ACTUAL FY 1987 To AID/W (Qtr)	UPDATE FY 1988 Start (Qtr)	UPDATE FY 1988 To AID/W (Qtr)	REASONS/ISSUES
527-0226 Small Hydro Development (ARDN)	1	2	1	2			PACD extended. No new project planned.
527-HG-010 527-HG-011A 527-HG-011B Housing Guaranty	1	3				2	Sector assessment completed. No new HG programs until arrearages resolved.
527-0274 Accion Comunitaria Micro-Enterprise Promotion (SDA)	1	3	1	3			Project completed.
527-0244 Upper Huallaga Area Dev. (ARDN, ESF)	1	3			1	2	Evaluation completed. PES pending. Will be considered in design of Project extension.
527-0166 (PD&S) Non-Traditional Export Promotion (ARDN)	1	3	1	4			Evaluation completed and submitted to AID/W. Will be used for new project design.
527-0277 Disaster Relief and Rehabilitation (ARDN/SDA/Disaster/Other)	2	3			1	2	Evaluation completed. PES pending. Will be used in USAID disaster preparedness acitivity.
527-0178 Integrated Rural Development	2	4	2	2Q/FY88	4	1 FY 89	PPC/E will conduct impact evaluation, and Mission's comments due 2Q/FY88. Additional impact evaluation will be conducted in 4Q/FY88.

PROJECT NO. & TITLE	PLANNED FY 1987 Start (Qtr)	PLANNED FY 1987 To AID/W (Qtr)	ACTUAL FY 1987 Start (Qtr)	ACTUAL FY 1987 To AID/W (Qtr)	UPDATE FY 1988 Start (Qtr)	UPDATE FY 1988 To AID/W (Qtr)	REASONS/ISSUES
527-0294 OPG-SIID Peruvian PVO Health Promotion Network (Health) - Progress Evaluations	3	4	3			3	PACD: 11/88 Both in-house progress evaluations will be forwarded to AID/W 4/88.
527-0298 Private Sector Policy Planning and Institutional Development-IID (SDA)	3	4	4			2	Evaluation completed. PES pending. Will be used for design of amended grant activity.
527-0266 OPG-ISEFA Vocational Education in Pueblos Jovenes	3	4		4		3	Changes in staff and workload from priority Andean Peace Scholarship Program prevented scheduled submission.
527-0238 Agricultural Planning and Institutional Development	3	4	2	3			Scheduled earlier than originally planned to provide basis to determine which project components should be extended.
527-0308 Private Sector Nutrition for Child Survival - Final Project Evaluation	4				2	3	PACD: 12/88 An in-house evaluation to assess the project's achievements and provide input for the design of the proposed FY 89 Private Sector CSA Project.
- Financial Management Review			4				To assess IIN administrative capability.
527-0293 OPG-Technoserve Cooperative Mgmt. (ARDN)			2			3	Evaluation completed. PES pending. Project will not be extended.

PROJECT NO. & TITLE	PLANNED FY 1987 Start (Qtr)	PLANNED FY 1987 To AID/W (Qtr)	ACTUAL FY 1987 Start (Qtr)	ACTUAL FY 1987 To AID/W (Qtr)	UPDATE FY 1988 Start (Qtr)	UPDATE FY 1988 To AID/W (Qtr)	REASONS/ISSUES
527-0309							PACD: 3/88
UPCH-Training Physicians and Nurses in the Management of Diarrheal Disease							
- Financial Management Review			4			3	To assess UPCH's administrative capability.
- Final Evaluation					3	4	To determine changes in physician's behavior regarding ORT attributable to the project.
527-0269							PACD: 9/91
Private Sector Family Planning					2	3	Review of project strategy and implementation approach including examination of budget and expenditures and organizational structure.
527-0311							PACD: 7/89
PRISMA							
Identification of High Risk Families to Reduce Child Mortality							
- Midterm Evaluation					2	3	To undertake in-house evaluation to assess implementation, recommend modifications and estimate impact results.
- Financial Management Review					4	4	To assess PRISMA's administrative capability.
527-0221							PACD: 6/89
Rural Water Systems and Environmental Sanitation							
- Financial Management Review					3	4	To improve DISABAR project management.
- Health Impact Operational Research Study					3	4Q/FY90	To verify project health impact.

PROJECT NO. & TITLE	PLANNED FY 1987 Start (Qtr)	PLANNED FY 1987 To AID/W (Qtr)	ACTUAL FY 1987 Start (Qtr)	ACTUAL FY 1987 To AID/W (Qtr)	UPDATE FY 1988 Start (Qtr)	UPDATE FY 1988 To AID/W (Qtr)	REASONS/ISSUES
527-0304 OPG Fe y Alegria Vocational Training in Pueblos Jóvenes							Project PACD was changed from 6/30/89 to 6/30/87. USAID/Peru did not have funds to support this project.
Food for Development:							
a. Regional Inspector General Audit of the PL 480, Title II Program with CARE, Catholic Relief Services, Adventist Development and Relief Agency and Church World Service.			4Q/FY86	3			To assess financial and food resources management of PL 480 Title II Programs in Peru.
b. 527-0231 OPG-SEPAS Food-assisted Reforestation Program (PRAA).	2Q/FY86	1	2	3			To assess project status and determine feasibility of continuation under new PVO sponsorship with USAID support. CARE will sponsor starting 2Q/FY88.
c. The Section 416 Program in Peru.			4			1	To evaluate Section 416 Program as part of worldwide Section 416 Program Evaluation effort, and to assess feasibility of continuation of MCH/MCH program under Title II auspices.
d. Food Commodity Study-Nutrition Research Institute (IIN)					2	3	To analyze commodity requirements and availabilities and identify most appropriate commodity types and levels for food assistance programs in Peru.
e. Title II MCH/MCH and IPSS Supplementary Feeding Program Sutdy					2	3	To examine conversion of current Section 416 MCH/MCH supplementary feeding program to PL 480 Title II program and possible program expansion to include beneficiaries under Social Security (IPSS) health care system.

PROJECT NO. & TITLE	PLANNED FY 1987 Start (Qtr)	PLANNED FY 1987 To AID/W (Qtr)	ACTUAL FY 1987 Start (Qtr)	ACTUAL FY 1987 To AID/W (Qtr)	UPDATE FY 1988 Start (Qtr)	UPDATE FY 1988 To AID/W (Qtr)	REASONS/ISSUES
f. Monetization/Rural Credit Feasibility Study					3	4	To determine feasibility of Title II or Section 416 monetization program to support a rural credit program in prioritized regions of Peruvian highlands.
g. PVO Planning/Management Needs Assessment					3	4	To assess PVO planning, programming and management needs in order to plan more effective training opportunities and assistance for cooperating voluntary agencies.

USAID PERU

EVALUATION PLAN

PROJECT NO. AND TITLE	Last Eval. Completed (Mo./Yr.)	FY 1989 Start (Qtr)	FY 1989 To AID/W (Qtr)	FY 1990 Start (Qtr)	FY 1990 To AID/W (Qtr)	REASONS/ISSUES
527-0298 Private Sector Policy Planning and Institutional Development CONFIEP		1	2			PACD: 1991 Midterm evaluation to assess progress delayed due to staff shortages.
527-0272 Private Sector Management Improvement		1	2			PACD: 9/91 Mid-term evaluation to assess progress toward meeting project objectives. Resources will not be available until early FY 89.
527-0288 Narcotics Education Initiative		1	2			PACD: 9/90 Mid-term evaluation of project's progress in meeting objectives.
527-0285 Child Survival Action Project						PACD: 12/92
- Annual Evaluation		1	2	1	2	Routine data collection and KAP Surveys required for Tier II Child Survival Projects.
- Mid-Term Evaluation		4			1	An external Project Management Review (Project Start-up was actually 1/88).
527-0230 Integrated Health and Family Planning - APROPO		2	3			PACD: 6/89 To undertake assessment of Phase I Project to provide input for design of proposed FY 89 CSM Phase II Project.
527-0311 John Hopkins - Ident. of High Risk Families to Reduce Child Mortality PRISMA		2	3			PACD: 7/89 Mid-term evaluation to assess progress toward meeting project objectives.

PROJECT NO. AND TITLE	Last Eval. Completed (Mo./Yr.)	FY 1989 Start (Qtr)	FY 1989 To AID/W (Qtr)	FY 1990 Start (Qtr)	FY 1990 To AID/W (Qtr)	REASONS/ISSUES
527-0238 Agricultural Planning and Institutional Dev.	2/88					PACD: 12/88 Final evaluation in progress 2/88 to assess project achievements, determine areas of future support, and determine possible PACD extension.
527-0321 Central Selva Resource Management Phase II		3	4			PACD: 9/90 Mid-term to assess progress toward meeting project objectives.
527-0269 Private Sector Family Planning		4			1	PACD: 9/91 Mid-term evaluation to assess progress in meeting outputs and objectives.
Title II - Food for Development ADRA - OFASA CARITAS CARE PRISMA Rural Credit PVO		4			1	To assess impact of Title II food-assisted PVO programs; evaluate effect on beneficiary incomes and/or nutritional status, program cost per beneficiary, relative need of beneficiaries reached, and economic and social impact of food-for-work projects completed. By 4Q/FY 89, we estimate that our computerized food commodity tracking, financial management, and beneficiary targets/outputs information systems will have been operational for one year so that there will be one year's worth of data for the evaluation.
527-0240 Central Selva Resource Management	5/85					PACD: 9/87 Final evaluation cancelled due to planned Central Selva Resource Management Phase II Project.
527-0282 Agricultural Technology Transformation				1	2	PACD: 8/93 Mid-term evaluation to assess progress in establishing the technology transformation network and in meeting institutional objectives.

PROJECT NO. AND TITLE	Last Eval. Completed (Mo./Yr.)	FY 1989 Start (Qtr)	FY 1989 To AID/W (Qtr)	FY 1990 Start (Qtr)	FY 1990 To AID/W (Qtr)	REASONS/ISSUES
527-0221 Rural Water Systems and Environmental Sanitation						PACD: 6/89
- Project Progress Evaluation	4/85					
- Final Project Evaluation				1	2	An external evaluation to assess the project's health and social achievements and provide for design of FY 90 follow-on Rural Water Project, whether AID or other donor funded.
527-0202 Land Inventory and Environmental Planning (ONERN/ARDN)	8/84					PACD: 6/87 Mission canceled the proposed evaluation for 1Q FY 88 due to PD&S and OYB funding level reductions.
527-0234 ORG-Fe y Alegria Vocational Training in Pueblos Jovenes	5/87					PACD: 6/89 Project PACD was changed to 6/30/87, and project ended.
527-0244 Upper Huallaga Area Dev.	1/87					PACD: 9/88 Evaluation is cancelled. Design assessment for amended project is being carried out in FY 88.

E. Country Training Plan Update - FY 1989

INTRODUCTION

USAID/Peru's training portfolio consists of four elements: project-related training; AID/Washington centrally/regionally-funded training; the LAC Training Initiatives II Project (LAC II); and the Andean Peace Scholarship Program (APSP). This CTP Update summarizes progress achieved to date and FY 1989 plans under LAC II and APSP and identifies those changes which have occurred in both these projects and other Mission training activities since the submission of the FY 1988 CTP Update in October 1987.

A. Restatement of Mission Training Objectives

The overall objective of USAID/Peru's participant training program is to strengthen the human resource base in both the public and private sectors by supporting training which fosters technology transfer and institution-building in priority development sectors. Primary areas of emphasis for training include: macro-economic policy, agriculture, economics, health, population, public administration, labor, food for development, and private sector development.

Consistent with USAID/Peru's overall training program objective, the regional LAC II Project is designed to provide the leadership and technical skills needed for the sustained economic, social and political development of Peru. The objectives of the APSP, which is specifically intended to counter the large amount of training scholarships being offered by the Soviet bloc countries, particularly to disadvantaged populations, are: 1) cultural, that is, to strengthen ties between the U.S. and Andean countries by exposing trainees to the U.S., its citizens, values, cultures, and institutions, to enable them to acquire a realistic and positive understanding of the U.S.; and 2) developmental, that is, to provide trainees with appropriate and relevant training to increase their skills and/or broaden their knowledge base in a particular discipline or sector related to priority development concerns in the country.

B. Summary of Training Programs under LAC II and APSP

The LAC II Project, initiated in FY 1985, has three major program components: 1) public sector training in priority development sectors coordinated by the National Institute of Planning (INP), including a special training program in Israel; 2) private sector training coordinated by the National Confederation of Private Enterprise Institutions (CONFIEP), whose members represent almost 90% of the formal private sector in Peru; and, 3) training for socially/economically disadvantaged groups coordinated by the

National Association of the Partners of the Americas (NAPA). A total of 68 participants were trained in FY 1986 and FY 1987 under LAC II. We are projecting an additional 58 participants in FY 1988 and 18 in FY 1989, the last year of the project, which will bring the total number of participants trained under LAC II to 144.

An estimated 280 short-term participants (average of 6 weeks in the U.S.) and 120 long-term participants (more than 9 months) or a total of 400 Peruvians from the public and private sectors are expected to receive training under the APSP by the end of FY 1991. The first 86 APSP scholars are expected to depart in FY 1988. All training will take place in the U.S., and all participants will be leaders or potential leaders. A minimum of 40% of the total participants will be women, and a minimum of 70% will be socially and/or economically disadvantaged. At least 30% of the participants will be sent for long-term (more than 9 months) training, and a minimum of 10% will attend programs at HBCUs in the U.S. All APSP training activities will include an "Experience America" cultural component which is integrated with the training element of the program. The diverse groups from which participants will be selected include, among others, politicians, lawyers, community leaders and organizers, labor union leaders, students and teachers at both the high school and university levels, primary and secondary school teachers/principals, journalists, farmers and cooperative leaders, development and finance specialists and industrial workers. The technical U.S. training will range from formal academic studies at junior colleges and universities to observation trips, meetings with officials and technicians, visits to active local community organizations, factories and farms, seminars, lectures, workshops, and hands-on technical training. Training in the U.S. will be offered in Spanish, in English with Spanish interpreters, or in English without interpreters. The second component of the training, exposure to U.S. culture, its citizens, values, and organizations, will be supported through the social contacts and living situations arranged for the participants. To the extent practical and feasible, participants will interact and live with American families. They will participate in local community events and activities through such organizations as the Scouts, the 4-H, civic action groups, sports clubs, cultural societies, church groups, and the like.

C. Target Groups and Training Programs in FY 1989 under LAC II and APSP

The proposed programs and target groups for the 18 participants projected for training in FY 1989 under LAC II are as follows:

- 5 female public sector professionals to attend an 8-week program in Israel on the role of micro-enterprise promotion in community development.

- 2 male public sector professionals to attend an 8-week program in Israel on irrigation and soil management.

- 3 male public sector professionals to attend an 8-week program in Israel on agricultural program management and administration.

- 2 public sector professionals (1 male/1 female) to attend a long-term program at George Washington University in International Development Economics.

- 6 private sector entrepreneurs (3 male/3 female) to participate in an on-the-job training program in the U.S. under the Entrepreneur's International Program.

The proposed programs and target groups for the 114 participants projected for training in FY 1989 under APSP are as follows:

Short-Term Training: (59)

- 10-12 male and female law school professors and prominent lawyers working in legal services programs for the urban poor to attend an 8-week program to learn planning and operational skills and observe the U.S. experience in organizing legal clinics and programs for the urban poor.

- 10-12 male and female mass media professionals in the fields of radio and television broadcasting to attend an 8-week program to learn mass media communication skills and techniques and to observe the role of the media in a democratic society.

- 10-12 male and female primary school principals from the rural areas to attend an 8-week program to expand their knowledge and skills in school administration, financial and personnel planning and management, education evaluation techniques, and the role of the PTA and community participation.

- 10-12 male labor union leaders to attend a 6-week program in leadership/organizational skills and management and to observe the labor union organization in the U.S.

- 10-12 female Presidents of the Mothers' Clubs operating in the Pueblos Jovenes of Lima/Callao and other major urban centers to attend an 8-week program to learn management skills and organizational/problem-solving techniques for community-based social service activities and programs.

Long-Term Training: (55)

- 10 male and female public sector development specialists (economists, statisticians, regional development planners, etc.) in Master's degree programs.

- 10 male and female private sector agricultural professionals (agronomists, forestry, livestock, irrigation, soils and horticultural experts, agri-business and marketing and agricultural extension specialists, and leaders of cooperatives and farmers associations, etc.) in Master's degree or specialized non-degree programs.

- 10 male and female provincial university professors in the social sciences (economics, education, sociology, anthropology, statistics, etc.) in Master's degree or specialized non-degree programs.

- 10 male and female senior managers and technicians in the public and private sector financial and banking community in Master's degree or specialized non-degree programs.

- 5 male and female administrators and professors in technical trade institutes in specialized non-degree programs.

- 5 male and female public sector officials in the judicial/legal system and law professors in Master's degree or specialized non-degree programs.

- 5 male and female Directors (Principals) of primary schools in the urban, marginal urban, and rural areas in Master's degree or specialized non-degree programs.

D. Progress to Date under LAC II and APSP

A total of 68 participants were trained in FY 1986 and 1987 under LAC II, consisting of 55 short-term and 13 (or 19.1 percent) long-term participants, of whom 41 were male and 27 (or 39.7 percent) were female. Of the 68, 17 were trained under the INP component, 30 under CONFIEP, 17 under NAPA, and an additional 4 under obligating PIO/Ps in agricultural economics, public policy, media administration, and child survival. Significant progress has been made in overcoming all the previous constraints described in objective 13, which inhibited rapid progress in FY 1987 under LAC II. As a result, we are projecting a considerable increase in the number of LAC II participants in FY 1988 as compared with actual departures in FY 1987. The proposed training programs and their current status for the 58 LAC II participants scheduled to depart in FY 1988 are as follows:

- 12 male farmers to attend a 5-week program in farming techniques in Texas through NAPA.	Departed 1/25/88
- 1 female public health specialist to receive on-the-job training in the U.S. in laboratory techniques.	Departed 12/17/87
- 2 female public sector education professionals to attend a 3-month program in Israel in early childhood education.	Departed 1/5/88
- 5 private entrepreneurs (2 females/3 males) to participate in a 3-week observational and on-the-job training program in the U.S. in their respective fields of expertise (mining, flavor chemistry, knitwear and canning).	3 to depart in March/ April and 2 in process

- 10 male members of Chambers of Commerce from the provinces to participate in an observational 2-week visit to similar institutions in the U.S.	Programmed to depart in July
- 10 male members of Trade Associations from Lima and the provinces to participate in an observational 2-week visit to similar institutions in the U.S.	Programmed to depart in August
- 3 male professionals from the public and private sectors to attend a 3-month course on farm management in agricultural cooperatives in Israel.	Programmed to depart in June
- 3 female micro-entrepreneurs to attend a 3-month course in Israel on the promotion of income-generating projects for rural women.	Programmed to depart in September
- 3 male farmers to participate in a 2-month program in Israel on breeding, nutrition and management of dairy cattle.	Programmed to depart in September
- 5 public sector officials (3 males/2 females) to attend a Master's degree program in the U.S. in their respective fields of specialization (health, development planning, economics).	In process. To depart in August/ September
- 3 public sector officials (1 male/2 females) to participate in technical courses ranging from 8 to 12 months in the U.S. in public administration.	In process. To depart in May
- 1 male technician from the private sector to attend a 4-week on-the-job training program in agribusiness in Texas under the NAPA program.	To be recruited and processed for departure in September

Of the cumulative 126 LAC II participants projected to be trained by the end of FY 1988, 20 (or 15.9 percent) will have received long-term training and 39 (or 31.0 percent) will have been females. With the 18 participants in FY 1989, 22 (15.3 percent) of the LOP total of 144 participants will have received long-term training, and 48 (33.3 percent) will have been females.

The proposed programs and target groups for the 86 participants projected for training in FY 1988 under APSP are as follows:

Short-Term Training: (68)

- 12-14 male private sector agricultural leaders from the Sierra to attend an 8-week program to learn leadership, organizational, and farm management principles and techniques (including a 2-week program at

North Carolina A&T (HBU)), and to observe farm life in the U.S. through a home stay with a farm family and visits to farmer association meetings, input supply and marketing cooperatives, and farmer credit institutions.

- 12-14 male community development leaders from the Pueblos Jovenes of Lima/Callao to attend a 6-8 week program to learn techniques in community organization, management of human and financial resources and strategies for self-help activities and to observe community development programs and activities in relevant parts of the U.S.

- 12-14 female micro-entrepreneurs from the Pueblos Jovenes of Lima and other major urban centers to attend a 6-8 week program to learn small business management and community development/organization skills including elementary financial and production management, marketing, sales promotion, and record-keeping and to observe similar women-owned/operated enterprises in the U.S.

- 12-14 male and female (6-7 each) journalists (newspaper) from Lima and other major urban centers to attend a 5-week program to learn communications/journalistic techniques and to observe the role of the free press in a democracy, the importance of local media and the decentralization of information, and journalistic responsibility regarding sourcing, protection of sources, reconfirmation of information, and follow-up.

- 12-14 female nurses, midwives and social workers operating as teams in public health centers in the rural areas from 4 different provinces to attend a 6-week program in health education and communications, integrated community health and social services, and human relations to improve their clinical skills, to develop team-work attitudes and techniques, and to view the U.S. Public Health System including possible field work on an Indian reservation.

Long-Term Training: (18)

- 6 male private sector agricultural professionals from major commodity-producing regions of Peru (agronomists, forestry, livestock, irrigation, soils and horticultural experts, agri-business and marketing and agricultural extension specialists, and leaders of cooperatives and farmers associations) in Master's degree or specialized non-degree programs.

- 4 male and female (2 each) trainers of secondary school teachers in Master's degree programs in teacher training and education administration.

- 4 male and female (2 each) mass media professionals (journalists and T.V. and radio professionals) in specialized non-degree programs.

- 2 male graduates of vocational training institutes in Associate degree programs in mechanics, electricity, carpentry or metallurgy.

- 2 female regional government development specialists in Master's degree programs in regional development planning and public administration.

On September 24, 1987, USAID/Peru signed a contract with the Fulbright Commission of Peru to assist in the implementation of the APSP. However, based on the Mission's experience over the first 2.5 months working with the Fulbright Commission and after careful analysis and consideration of such factors as cost, timing and the roles, responsibilities and relationships of participating entities under the APSP, USAID/Peru concluded that the contractual arrangement with the Fulbright Commission was neither feasible nor desirable to achieve the overall objectives of the program. In early December, USAID/Peru terminated the contract with the Fulbright Commission and proceeded to identify and put into place a new mechanism to implement the program which would be more streamlined, involving fewer decision points, and which would provide a more rapid and efficient response capability to the many demands of this high priority program. The new approach involves a contract with a local Peruvian logistics and administrative support firm to provide personnel and financial management support services for the APSP office which will be located in the Training Division in the USAID building and staffed by 3 professionals and 2 secretaries.

The new contract should be signed and the staff on board by the third week in February. The Mission has already developed a comprehensive training plan and schedule for FY 1988 which has been discussed with and endorsed by Development Associates (DA) during visits by DA staff in December and February. Aguirre/Checci staff are expected in March to set up the CIS information system, recruitment efforts for participants are underway, and the first group of FY 1988 APSP short-term participants are expected to depart in April 1988.

E. Major Changes in Training Plan from Approved CTP

The changes that have occurred since the submission of the FY 1988 CTP Update in October 1987 include: 1) the change noted above in the local implementation arrangements for the APSP and changes in participant targets to increase the percentage of long-termers to 30 and to more adequately reflect funding realities; and 2) minor changes in the actual departures for FY 1987 and projected targets in FY 1988 and beyond under other training programs. The targets contained in the accompanying tables (1-5) are realistic and achievable and supercede the data provided in the FY 1988 Action Plan and the FY 88 CTP Update.

TABLE 1

FY 1989 COUNTRY TRAINING PLAN
NUMBER OF NEW STARTS

PROGRAM: ALL PROGRAMS

COUNTRY OF ORIGIN: PERU

FY 1989 OYB ($000): 3,924

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91 *
A. TRAINING IN UNITED STATES							
TECHNICAL - 30 days or less							
Female	9	15	6	22	23	25	
Male	24	58	15	46	25	21	
TECHNICAL - 31-180 days							
Female	9	8	19	49	43	45	27
Male	40	23	12	68	54	55	44
TECHNICAL - 6-8+ months							
Female	2	--	1	3	6	8	1
Male	6	1	2	2	8	6	2
TECHNICAL-9 months or more							
Female	2	1	2	5	10	8	1
Male	--	--	1	4	20	10	2
TOTAL TECHNICAL	92	106	58	199	189	178	77

(*) The FY 91 estimates are only for APSP

TABLE 1
(Continued)

TYPE OF TRAINING ALL PROGRAMS	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91 *
ACADEMIC-Undergraduate-1 year							
Female							
Male							
ACADEMIC-Undergraduate-2 years							
Female							
Male							
ACADEMIC-Undergraduate-3 yrs or more							
Female							
Male							
ACADEMIC - Graduate level- 12 to 18 mos							
Female	1	2	3	4	6	13	--
Male	1	2	--	6	11	23	--
ACADEMIC-Graduate level- 2 years							
Female	5	4	6	10	16	5	--
Male	22	7	11	20	20	5	--
TOTAL ACADEMIC	29	15	20	40	53	46	--

(*) The FY 91 estimates are only for APSP

TABLE 1
(Continued)

TYPE OF TRAINING ALL PROGRAMS	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91 *
SUMMARY							
TOTAL TRAINEES	121	121	78	239	242	224	77
ACADEMIC							
Female	6	6	9	14	22	18	--
Male	23	9	11	26	31	28	--
TECHNICAL							
Female	22	24	28	79	82	86	29
Male	70	82	30	120	107	92	48
LONG-TERM							
Female	8	7	11	19	32	26	1
Male	23	9	12	30	51	38	2
SHORT-TERM							
Female	20	23	26	74	72	78	28
Male	70	82	29	116	87	82	46
HBCU PLACEMENTS (**)	(--)	(--)	(--)	(24)	(24)	(22)	(8)

* The FY 91 estimates are only for APSP

** HBCU placements will be carried out as part of more extended training programs for individual trainess in the U.S.

TABLE 2
CLASP TRAINING

FY 1989 COUNTRY TRAINING PLAN
NUMBER OF NEW STARTS

PROGRAM: ANDEAN PEACE SCHOLARSHIP PROGRAM

COUNTRY OF ORIGIN: PERU

FY 1989 OYB ($000): 2,100

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
TECHNICAL - 30 days or less							
Female	--	--	--	--			
Male	--	--	--	--			
TECHNICAL - 31-180 days							
Female	--	--	--	33	23	35	27
Male	--	--	--	35	36	44	44
TECHNICAL - 6-8+ months							
Female	--	--	--	--	--	--	1
Male	--	--	--	--	--	--	2
TECHNICAL-9 months or more							
Female	--	--	--	2	7	4	1
Male	--	--	--	2	17	8	2
TOTAL TECHNICAL	--	--	--	72	83	91	77

TABLE 2
(Continued)

ANDEAN PEACE SCHOLARSHIP PROGRAM

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
ACADEMIC-Undergraduate-1 year							
Female	--	--	--				
Male	--	--	--				
ACADEMIC-Undergraduate-2 years							
Female	--	--	--				
Male	--	--	--				
ACADEMIC-Undergraduate-3 yrs or more							
Female	--	--	--				
Male	--	--	--				
ACADEMIC - Graduate level- 12 to 18 mos.							
Female	--	--	--	--	4	11	
Male	--	--	--	--	7	21	
ACADEMIC-Graduate level- 2-years							
Female	--	--	--	4	8	--	--
Male	--	--	--	10	12	--	--
TOTAL ACADEMIC	--	--	--	14	31	32	

TABLE 2
(Continued)

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
SUMMARY							
TOTAL TRAINEES				86	114	123	77
ACADEMIC							
Female	--	--	--	4	12	11	--
Male	--	--	--	10	19	21	--
TECHNICAL							
Female	--	--	--	35	30	39	29
Male	--	--	--	37	53	52	48
LONG-TERM							
Female	--	--	--	6	19	15	1
Male	--	--	--	12	36	29	2
SHORT-TERM							
Female	--	--	--	33	23	35	28
Male	--	--	--	35	36	44	46
HBCU PLACEMENTS	(--)	(--)	(--)	(9)	(11)	(12)	(8)

TABLE 3
CLASP TRAINING

FY 1989 COUNTRY TRAINING PLAN
NUMBER OF NEW STARTS

COUNTRY OF ORIGIN: PERU

PROGRAM: LAC II

FY 1989 OYB ($000):

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
TECHNICAL - 30 days or less						
Female	--	6	--	2	3	--
Male	--	26	1	24	3	--
TECHNICAL - 31-180 days						
Female	--	--	15	6**	5**	--
Male	--	2	3	18**	5**	--
TECHNICAL - 6-8+ months						
Female	--	--	1	1	--	--
Male	--	--	1	--	--	--
TECHNICAL-9 months or more						
Female	--	--	--	1	1	--
Male	--	--	1*	1	1	--
TOTAL TECHNICAL	--	34	22	53	18	--

* Some figures have been modified, as compared to FY 1988 CTP Update tables dated October 1987 to more adequately reflect type and length of training.

** Includes training in Israel.

TABLE 3
(Continued)

TYPE OF TRAINING LAC II	FY 85	FY 96	FY 87	FY 88	FY 89	FY 90
ACADEMIC-Undergraduate-1 year						
Female	--					
Male	--					
ACADEMIC-Undergraduate-2 years						
Female	--					
Male	--					
ACADEMIC-Undergraduate-3 yrs or more						
Female	--					
Male	--					
ACADEMIC - Graduate level- 12 to 18 mos.						
Female	--	2	--	2	--	
Male	--	1	1*	2	--	
ACADEMIC-Graduate level- 2 years						
Female	--	2	1*	--	--	
Male	--	4	1*	1	--	
TOTAL ACADEMIC	--	9	3	5	--	

TABLE 3
(Continued)

TYPE OF TRAINING LAC II	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
SUMMARY						
TOTAL TRAINEES	--	43	25	58	18	--
ACADEMIC						
Female	--	4	1	2	--	--
Male	--	5	2	3	--	--
TECHNICAL						
Female	--	6	16	10	9	--
Male	--	28	6	43	9	--
LONG-TERM						
Female	--	4	1	3	1	--
Male	--	5	3	4	1	--
SHORT-TERM						
Female	--	6	16	9	8	--
Male	--	28	5	42	8	--
HBCU PLACEMENTS	--	--	--	6	2	--

TABLE 4
NON CLASP TRAINING

FY 1989 COUNTRY TRAINING PLAN
NUMBER OF NEW STARTS

PROGRAM: A: Project Related Training - U.S.

COUNTRY OF ORIGIN: PERU

FY 1989 OYB ($000): 1,500 *

TYPE OF TRAINING A: Project Related Training - U.S.	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
A. TRAINING IN UNITED STATES						
TECHNICAL - 30 days or less						
Female	2	3	1	8	6	8
Male	13	16	4	8	8	8
TECHNICAL - 31-180 days						
Female	--	1	--	6	8	6
Male	10	4	2	8	8	4
TECHNICAL - 6-8+ months						
Female	1	--	--	2	6	8
Male	--	--	1	3	8	6
TECHNICAL-9 months or more						
Female	--	--	--	--	--	2
Male	--	--	--	--	2	2
TOTAL TECHNICAL	26	24	8	35	46	44

* Includes Third Country Training costs.

A: Project Related Training - U.S.

TABLE 4
(Continued)

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
ACADEMIC-Undergraduate-1 year						
Female	--	--				
Male	—	—				
ACADEMIC-Undergraduate-2 years						
Female						
Male						
ACADEMIC-Undergraduate-3 yrs or more						
Female						
Male						
ACADEMIC - Graduate level- 12 to 18 mos.						
Female	1	--	--	2	2	2
Male	—	1	—	4	4	2
ACADEMIC-Graduate level- 2 years						
Female	3	—	4	4	6	4
Male	15	3	9	6	6	4
TOTAL ACADEMIC	19	4	13	16	18	12

A: Project Related Training - U.S.

TABLE 4
(Continued)

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
SUMMARY						
TOTAL TRAINEES	45	28	21	51	64	56
ACADEMIC						
Female	4	--	4	6	8	6
Male	15	4	9	10	10	6
TECHNICAL						
Female	3	4	1	16	20	24
Male	23	20	7	19	26	20
LONG-TERM						
Female	4	--	4	6	8	8
Male	15	4	9	10	12	8
SHORT-TERM						
Female	3	4	1	16	20	22
Male	23	20	7	19	24	18
HBCU PLACEMENTS (*)	(--)	(--)	(--)	(7)	(9)	(10)

* HBCU placement will be carried out as part of more extended programs for individual trainees in the U.S.

TABLE 4
(Continued)

TYPE OF TRAINING

B: PROJECT RELATED TRAINING - THIRD COUNTRY

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
TECHNICAL - 30 days or less						
Female	--	1	2	6	8	8
Male	5	12	7	6	6	8
TECHNICAL - 31-180 days						
Female	5	1	--	--	--	--
Male	17	9	1	1	1	--
TECHNICAL - 6-8+ months						
Female	1	--	--	--	--	--
Male	5	1	--	--	--	--
TECHNICAL-9 months or more						
Female	1	--	--	--	--	--
Male	--	--	--	--	--	--
TOTAL TECHNICAL	34	24	10	13	15	16

TABLE 4
(Continued)

B: Project Related Training - Third Country

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
ACADEMIC-Undergraduate-1 year						
Female						
Male						
ACADEMIC-Undergraduate-2 years						
Female						
Male						
ACADEMIC-Undergraduate-3 yrs or more						
Female						
Male						
ACADEMIC - Graduate level- 12 to 18 mos.						
Female	—		2			
Male	1		—			
ACADEMIC-Graduate level- 2 years						
Female	1	—	1	1	2	1
Male	6	2	1	3	2	1
TOTAL ACADEMIC	8	2	4	4	4	2

TABLE 4
(Continued)

B: Project Related Training - Third Country

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
SUMMARY						
TOTAL TRAINEES	42	26	14	17	19	18
ACADEMIC						
Female	1	—	3	1	2	1
Male	7	2	1	3	2	1
TECHNICAL						
Female	7	2	2	6	9	8
Male	27	22	8	7	6	8
LONG-TERM						
Female	2	—	3	1	2	1
Male	7	2	1	3	2	1
SHORT-TERM						
Female	6	2	2	6	8	8
Male	27	22	8	7	7	8
HBCU PLACEMENTS	N/A					

TABLE 5
NON CLASP TRAINING

FY 1989 COUNTRY TRAINING PLAN
NUMBER OF NEW STARTS

PROGRAM: CENTRALLY/REGIONALLY FUNDED

COUNTRY OF ORIGIN: PERU

FY 1989 OYB ($000): 324

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
A. TRAINING IN UNITED STATES						
TECHNICAL - 30 days or less						
Female	7	5	3	6	6	9
Male	6	4	3	8	8	5
TECHNICAL - 31-180 days						
Female	4	6	2	4	7	4
Male	13	8	10	6	4	7
TECHNICAL - 6-8+ months						
Female	--	--	--	--	--	--
Male	1	--	--	--	--	--
TECHNICAL-9 months or more						
Female	1	1	--	2	2	2
Male	--	--	--	--	--	--
TOTAL TECHNICAL	32	24	18	26	27	27

PROGRAM: Centrally/Regionally Funded

TABLE 5
(Continued)

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
ACADEMIC-Undergraduate-1 year						
Female	--	--	--	--	--	--
Male	--	--	--	--	--	--
ACADEMIC-Undergraduate-2 years						
Female	--	--	--			
Male	--	--	--			
ACADEMIC-Undergraduate-3 yrs or more						
Female	--	--	--			
Male	--	--	--			
ACADEMIC - Graduate level- 12 to 18 mos.						
Female	--	--	--			
Male	--	--	--			
ACADEMIC-Graduate level- 2 years						
Female	1	--	--	1	--	--
Male	1	--	--	--	--	--
TOTAL ACADEMIC	2	--	--	1	--	--

PROGRAM: Centrally /Regionally Funded

TABLE 5
(Continued)

TYPE OF TRAINING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
SUMMARY						
TOTAL TRAINEES	34	24	18	27	27	27
ACADEMIC						
Female	1	--	--	1	--	--
Male	1	--	--	--	--	--
TECHNICAL						
Female	12	12	5	12	15	15
Male	20	12	13	14	12	12
LONG-TERM						
Female	2	1	--	3	2	2
Male	1	--	--	--	--	--
SHORT-TERM						
Female	11	11	5	10	13	13
Male	20	12	13	14	12	12
HBCU PLACEMENTS N/A	--	--	--	--	--	--

GRAY AMENDMENT

1. FY 1987

1.	Total DA	$14,251,000
2.	DA Available for U.S. Procurement	5,676,713
3.	Gray Amendment Awards	1,317,013
4.	Percent to Gray Amendment Firms	23%

2. FY 1988 (estimated)

1.	Total DA	$13,162,000
2.	DA Available for U.S. Procurement	5,278,000*
3.	Gray Amendment Awards	1,690,000
4.	Percent to Gray Amendment Firms	32%

* This figure represents a maximum estimate based on projected FY 88 DA level.

3. FY 1987 Gray Amendment Contractors

1. a) Contractor's Name: International Service Technology Institute (ISTI)
   b) Project Title: Program Development and Support
   c) Amount of Contract: $138,499
   d) Date of Contract: 6/1/87

2. a) Contractor's Name: Ronco Consulting Corp.
   b) Project Title: Central Selva Resource Management
   c) Amount of Contract: $517,854
   d) Date of Contract: 10/28/86

3. a) Contractor's Name: Tropical Science Center
   b) Project Title: Central Selva Resource Management
   c) Amount of Contract: $200,000
   d) Date of Contract: 2/4/87

4. a) Contractor's Name: Development Associates
   b) Project Title: Andean Peace Scholarship
   c) Amount of Contract: $460,660
   d) Date of Contract: 9/30/87

USAID/Peru continues its strong commitment to the goals of the Gray Amendment, due mostly to the superior performance which the Mission has received in recent years from its Gray Amendment contractors.

USAID/PERU MORTGAGE ANALYSIS
$000

Project No. and Title	LOP	Cumulative Obligations	Mortgage End of Fiscal Year
	SUMMARY		
ARDN			
FY 87	35,450	9,650	25,800
88	39,568	25,073	14,495
89	42,068	29,858	12,210
90	42,068	34,608	7,460
POPULATION			
FY 87	13,000	3,600	9,400
88	13,000	5,190	7,810
89	15,000	7,470	7,530
90	15,000	10,170	4,830
HEALTH			
FY 87	1,853	200	1,653
88	1,853	513	1,340
89	1,853	953	900
90	1,853	1,353	500
CHILD SURVIVAL			
FY 87	14,560	2,500	12,060
88	16,910	5,927	10,983
89	16,910	9,352	7,558
90	16,910	12,752	4,158
EDUCATION AND HUMAN RESOURCES			
FY 87	11,500	5,109.3	6,390.7
88	11,500	7,709.3	3,790.7
89	11,500	9,634.3	1,865.7
90	11,500	11,290.3	209.7
SELECTED DEVELOPMENT ACTIVITIES			
FY 87	6,693.4	3,891.4	2,802
88	6,693.4	5,143.4	1,550
89	7,043.4	6,443.4	600
90	7,043.4	6,943.4	100
ECONOMIC SUPPORT FUND			
FY 87	26,201.6	12,083	14,118.6
88	26,351.6	12,583	13,768.6
89	26,351.6	17,583	8,768.6
90	26,351.6	23,143	3,208.6

USAID/PERU MORTGAGE ANALYSIS
$000

Project No. and Title	LOP	Cumulative Obligations	Mortgage End of Fiscal Year
ARDN			
527-0238 - Agricultural Planning and Inst. Dev.			
FY 87	6,650	5,350	1,300
88	6,874 1/	6,039 1/	835
89	6,874	6,424	450
90	6,874	6,874	--
527-0244 - Upper Huallaga Area Development (DA)			
FY 87	6,500	3,000	3,500
88	6,500	6,500	--
89	6,500	6,500	--
90	6,500	6,500	--
527-0244 - Upper Huallaga Area Development (ESF)			
FY 87	11,900	5,400	6,500
88	11,900	5,400	6,500
89	11,900	7,400	4,500
90	11,900	10,150	1,750
527-0282 - Agricultural Technology Transformation (DA)			
FY 87	22,300	1,300	21,000
88	22,300	9,890 2/	12,410
89	22,300	13,440	8,860
90	22,300	16,840	5,460
527-0282 - Agricultural Technology Transformation (ESF)			
FY 87	2,700	2,700	--
88	2,700	2,700	--
89	2,700	2,700	--
90	2,700	2,700	--
527-0310 - Non-Traditional A. Export Promotion/ Agribusiness Development			
FY 87	--	--	--
88	--	--	--
89	2,500	500	2,000
90	2,500	1,000	1,500

1/ Includes $219,000 deob from project 527-0202, ONERN.
2/ Includes $6,590,000 reob grant funds from deob loan funds from Central Selva, project 527-0240.

USAID/PERU MORTGAGE ANALYSIS
$000

Project No. and Title	LOP	Cumulative Obligations	Mortgage End of Fiscal Year
527-0320 - OPG CARE Reforestation Food for Work			
FY 87	--	--	--
88	230	100	130
89	230	170	60
90	230	230	--
527-0321 - Central Selva Resource Management II			
FY 87	--	--	--
88	2,230 3/	2,230 3/	--
89	2,230	2,230	--
90	2,230	2,230	--
527-0000 - OPGS			
FY 87	--	--	--
88	1,434 4/	314 4/	1,120
89	1,434	594	840
90	1,434	934	500
POPULATION			
527-0269 - Private Sector Family Planning			
FY 87	13,000	3,600	9,400
88	13,000	5,190	7,810
89	13,000	6,980	6,020
90	13,000	9,180	3,820
527-0326 - Contraceptive Social Marketing II			
FY 87	--	--	--
88	--	--	--
89	2,000	490	1,510
90	2,000	990	1,010
HEALTH - CHILD SURVIVAL			
527-0285 - Child Survival Action Project (HE)			
FY 87	1,653	100	1,553
88	1,653	313	1,340
89	1,653	753	900
90	1,653	1,153	500

4/ Includes $204,000 deobligated funds from project 527-0231, OPG SEPAS
3/ Includes $1,730 deob from Central Selva, project 527-0240

USAID/PERU MORTGAGE ANALYSIS
$000

Project No. and Title	LOP	Cumulative Obligations	Mortgage End of Fiscal Year
527-0285 - Child Survival Action Project (CS)			
FY 87	14,560	2,500	12,060
88	14,560	5,497	9,063
89	14,560	8,422	6,138
90	14,560	11,322	3,238
527-0285 - Child Survival Action Project (ESF)			
FY 87	2,787	--	2,787
88	2,787	--	2,787
89	2,787	--	2,787
90	2,787	1,328.4	1,458.6
527-0323 - OPG PRISMA-MOH Supplementary Feeding (CS)			
FY 87	--	--	--
88	750	150	600
89	750	300	450
90	750	450	300
527-9999 - OPGS (CS)			
FY 87	--	--	--
88	1,600	280	1,320
89	1,600	630	970
90	1,600	980	620
EDUCATION AND HUMAN RESOURCES			
527-0272 - Private Sector Management Improvement			
FY 87	7,000	3,959.3	3,040.7
88	7,000	4,109.3	2,890.7
89	7,000	5,134.3	1,865.7
90	7,000	6,790.3	209.7
527-0288 - Narcotics Education Initiatives			
FY 87	1,600	750	850
88	1,600	1,600	--
89	1,600	1,600	--
90	1,600	1,600	--

USAID/PERU MORTGAGE ANALYSIS
$000

Project No. and Title	LOP	Cumulative Obligations	Mortgage End of Fiscal Year
527-0288 - Narcotics Education Initiatives (ESF)			
FY 87	2,400	1,600	800
88	2,400	1,600	800
89	2,400	2,400	--
90	2,400	2,400	--
527-0313 - Andean Peace Scholarship (EHR)			
FY 87	2,900	400	2,500
88	2,900	2,000	900
89	2,900	2,900	--
90	2,900	2,900	--
527-0313 - Andean Peace Scholarship (ESF)			
FY 87	2,564.6	533 5/	2,031.6
88	2,564.6	533	2,031.6
89	2,564.6	1,839.6	725
90	2,564.6	2,564.6	--
527-0313 - Andean Peace Scholarship (HE)			
FY 87	200	100	100
88	200	200	--
89	200	200	--
90	200	200	--
527-0313 - Andean Peace Scholarship (SDA)			
FY 87	693.4	--	693.4
88	693.4	--	693.4
89	693.4	293.4	400
90	693.4	693.4	--
SELECTED DEVELOPMENT ACTIVITIES			
527-0298 - Private Sector Policy Planning and Inst. Dev.			
FY 87	6,000	3,891.4	2,108.6
88	6,000	5,143.4	856.6
89	6,000	6,000	--
90	6,000	6,000	--

5/ Includes $333,000 obligated by AID/W in contract with Development Alternatives.

USAID/PERU MORTGAGE ANALYSIS
$000

Project No. and Title	LOP	Cumulative Obligations	Mortgage End of Fiscal Year
527-0324			
OPG Rural Credit and Community Development			
FY 87	--	--	--
88	--	--	--
89	350	150	200
90	350	250	100
ECONOMIC SUPPORT FUND			
527-0303 - Administration of Justice			
FY 87	3,850	1,850	2,000
88	4,000	2,350	1,650
89	4,000	3,243.4	756.6
90	4,000	4,000	--