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SECTION I. REAFFIRMATION OF THE APPROPRIATENESS OF THE COUNTRY STRATEGY.

Need for New CDSS.

The CDSS update prepared in February 1988 is no longer consistent with the situation in Peru. While many of the basic objectives contained in the CDSS remain valid, it is unlikely that they will be achieved under the current government or within the economic constraints the country will face over the next two years. The CDSS and last year's Action Plan were predicated on a policy of "constructive engagement" which projected relatively low resource levels, while carrying out programs to maintain a positive and cooperative USAID presence and relationship. It also assumed that the GOP would carry out a set of economic policies that would foster stabilization and longer term growth and within which A.I.D.-financed activities could have a significant impact at the sectoral level.

These circumstances have changed dramatically in the past year. The policies of the Garcia Administration not only have failed to stabilize the economy, but also they have made the achievement of sectoral growth objectives largely unattainable. Heightened terrorist activities have increased economic costs, lowered productivity, reduced investment possibilities and affected our ability to mount effective assistance projects. Uncertainties with respect to the policies of the new administration further compound our doubts about the compatibility of the CDSS with Peru's reality. Furthermore, President Bush's Counternarcotics Initiative substantially alters the level of U.S. interests in and resources programmed for Peru. Substantial additional resources will be made available over the FY 1991-1994 period depending upon Peru's cooperation on narcotics matters and the existence of sound macroeconomic policies.

Because of the uncertainties regarding Peru's future economic policies, the need to focus greater attention on achieving U.S. narcotics control objectives, and the inconsistency between our strategic approaches to Peru's development and the country's current policies, USAID proposes to submit a new CDSS in early 1991 after the policies of the next administration become clear.

Current Economic Situation.

Over the past four and one-half years, the GOP's economic policies have resulted in gross distortions and severe recession. The annual hyperinflation rate reached 2,775 percent by the end of 1989, while the real GDP is estimated to have fallen 12 percent over the same period. Although the consolidated non-financial public sector deficit reached only 4.7 percent, this figure does not reflect a healthy fiscal situation; revenues are only 5 percent of GDP while mounting obligations remain unpaid. Real wages continued falling, reaching about 50 percent of their level before the onset of the current economic crisis in 1987. Real liquidity plummeted to about one third the level before the crisis.

The Garcia Administration's economic policies exacerbate this situation. On the inflation front, the GOP is intensifying price controls over key items

such as public utility services, the exchange rate, mass consumption foodstuffs, and fuels. While this approach has been effective in "stabilizing" the monthly inflation rate at the 30 percent level, it has also introduced severe price distortions that enlarge the fiscal deficit, encourage speculation and continue the misallocation of resources.

For example, low food prices hurt the agricultural sector; the overvalued exchange rate impairs export competitiveness; low public utility prices decrease fiscal revenues and promote wasteful use of electricity and water; and low fuel prices reduce fiscal revenues of the state's oil company. Poor coordination between the fiscal and monetary authorities is resulting in policies that work at cross purposes. While the Ministry of Finance wants to stimulate production by raising wages, the Central Bank is restricting credit to avoid excessive monetary expansion. Thus, throughout the economy, substantive policy reform is urgently needed.

While the Mission has not been able to influence significantly Peru's macroeconomic policies, USAID has a close and cordial relationship on policy issues with its contacts in the Peruvian Government, and has a wide range or contacts throughout its senior and middle levels. USAID also works closely with the private sector and community spokesmen, and the Mission's policy counsel is often sought and looked to by these organizations.

Prospects for Change.

National elections will be held in April, 1990, with the new President taking office on July 28. Two parties, FREDEMO, led by Mario Vargas Llosa, and the Socialist Left, led by Alfonso Barrantes, are the front runners. Two other major candidates, Luis Alva Castro of APRA and Henry Pease of the United Left, along with other contenders, will influence the final results. If no candidate secures a majority in the first electoral round in April, a runoff will be held. Many believe that Vargas Llosa will win in either the first or second round, but the outcome is still far from certain.

All likely winners will attach highest priority to addressing Peru's terrorism problem. We anticipate they will continue Peru's close cooperation with the United States on narcotics control issues. Also, over time they will try to reestablish Peru's relations with International Financial Institutions and commercial banks, though on different terms and under different circumstances.

Both Vargas Llosa and Barrantes are committed to carrying out an economic adjustment program to address the severe distortions that characterize Peru's current economic policies. They would differ, however, in the length of the adjustment period and the incidence of bearing the cost of adjustment. A Vargas Llosa growth program would rely almost exclusively on market forces and the private sector, while Barrantes would place greater emphasis on a program that is negotiated with labor and the private sector.

USAID has adopted a forward looking strategy to deal with the expected major changes in economic and political policies under the new administration. The

Mission has established close contacts with officials in all major parties to strengthen the ties that are vital to working with the next administration to formulate and implement rational and effective economic policies.

Policy Agenda with the New Administration.

There are a series of key policy issues that the new government will need to address. Our discussions with representatives of the leading political candidates lend confidence to our belief that action will be taken on them, albeit with differing emphasis and in different time frames depending on the new President. The issues we will address and the objectives we will attempt to accomplish in our policy dialogue with the new GOP over the Action Plan period are presented below.

1. Initiation of an economic stabilization program, which should include:

- unification of the foreign exchange regime,
- reduction of the fiscal deficit,
- elimination/reduction of untargeted subsidies,
- mobilization of domestic savings,
- reduction/elimination of price controls,
- redirection of credit to the private sector,
- reduction of the role of state enterprises,
- rapprochement with international financial institutions and commercial banks, and
- mobilization of support from other donors.

2. Promoting basic structural reforms that lead to rapid and sustained economic growth. Barriers to sustained growth arise from current macroeconomic policies that reduce efficiency in the agricultural, manufacturing, industrial and export sectors, decrease demand and productivity, and direct resources into low domestic value added investments. An economic stabilization program should address several of these constraints, but other policy reforms will need to be undertaken at the sectoral level. In addition, there are other fundamental institutional, technological and administrative barriers that the Mission will address as part of its policy agenda. These include:

- elimination of the monopoly role of state grain import and marketing organizations;

- reduced government control over the establishment of formal private sector enterprises and their freedom to operate in a competitive manner;

- reduction or elimination of tax privileges and tariff and non-tariff barriers for domestic producers;

- reduction or elimination of tax, tariff, credit or labor privileges that discourage investment in employment intensive activities; and

- concentration of agricultural technology generation and dissemination on a limited number of sites and on cash crops with significant market potential.

3. Supporting reforms that lead to a wider sharing of the benefits of economic growth and help assure that absolute poverty does not increase during the stabilization phase. While GDP per capita is now lower than it was in 1960, a more equitable distribution of social services has been achieved, and the country has made major improvements in the availability of health and family planning services. But, the coverage and quality of these services is far too low and costs are disproportionate to the services provided. In addition, malnutrition is on the rise. Maintaining a minimum level of health and family planning services during the forthcoming economic adjustment program will be a major challenge. During the Action Plan period our efforts will be directed toward the following issues:

- increase the contribution of the GOP and PVO's to financing the costs of the emergency Social Assistance Program to be undertaken essentially by non-governmental organizations;

- secure GOP financing for more efficient private sector-provided health care and family planning services with greater coverage by using existing Ministry of Health infrastructure for those unable to secure services with their own resources;

- eliminate GOP barriers to the import of contraceptives or contraceptive raw materials, restrictions on the type of outlet that can sell family planning commodities, and price controls on contraceptives; and

- require A.I.D.-assisted social service delivery PVOs to initiate more effective fee for service and other revenue enhancing practices that will enable them to become more self-sustaining.

4. Strengthen Peru's recognition of the dimensions of its narcotics production and trafficking problem and its capacity to help those engaged in the narcotics industry to secure viable and legitimate self-sustaining incomes. USAID is part of a broader Country Team effort to help stem the production and trafficking of narcotics from Peru. Other elements of the Country Team deal with security, enforcement, and interdiction, while USAID focuses on needed economic reforms, public awareness and alternative development activities. Peru's economic problems are exacerbated by the flood of narcotics dollars that draw large numbers of the population into the production of illicit products and away from legal productive economic activities. Economic stabilization is a precondition to an effective counternarcotics development effort that will help detoxify the economy.

The GOP should dedicate sufficient resources to finance its drug control efforts and development programs to cope with the increased economic dislocation and unemployment that will result. If the new government increases the priority given to drug control, it should increase the capacity

of its judicial system to cope with an increase in narcotics prosecutions, as well as improve the efficiency with which these cases are processed. To help address the narcotics problems our policy agenda will be focussed on the following issues:

- secure government official support for narcotics awareness and education programs by including narcotics in school curricula, health system measurements, and dissemination of information;

- develop and strengthen laws for narcotics prosecutions and develop an exclusive cadre of trained judicial officials with protection and resources provided by the GOP to process narcotics crimes; and

- secure GOP agreement to privatize government enterprises in the Upper Huallaga Valley, including the ENDEPALMA oil plantation and grain storage and marketing facilities, and eliminate controls on private transport to enable alternative development activities to go forward.

SECTION II. PERFORMANCE.

The following table, prepared by LAC/DP, presents a matrix of economic, social, environmental, and democracy performance indicators.

TABLE 1.
LAC PERFORMANCE RATINGS SUMMARY, FY 1992

Country	Percent Funding Recomd.	Overall Perform. Ranking	Overall Perf. (100%)	Macro. Pol. (50%)	Social Serv. (20%)	Envrn. Mgmt. (10%)	Dem. & Hum. Rts. Commit. (20%)
Belize	xx	4	78.5	40.9	13.6	4.0	20.0
Bolivia	xx	2	82.0	45.6	15.4	3.0	18.0
Costa Rica	xx	1	86.3	42.0	15.3	9.0	20.0
Dominican Republic	xx	7	67.7	33.5	11.2	3.0	20.0
Ecuador	xx	5	71.9	36.4	12.5	7.0	16.0
El Salvador	xx	11	54.1	25.3	11.8	3.0	14.0
Guatemala	xx	8	66.9	35.5	11.4	8.0	12.0
Guyana	xx	13	39.4	20.2	11.2	2.0	6.0
Haiti	xx	10	55.0	32.6	11.4	5.0	6.0
Honduras	xx	9	60.0	17.3	18.7	8.0	16.0
Jamaica	xx	3	79.5	42.2	12.2	5.0	20.0
Peru	xx	12	41.7	8.3	14.4	5.0	14.0
Eastern Caribbean	xx	6	67.8	33.6	10.3	4.0	20.0

As required in the Action Plan instructions, the following table sets out the factors we recommend to measure our performance in assisting Peru's economic development. They assume that the new GOP will carry out a comprehensive structural adjustment program consistent with the appropriate policy prescriptions. However, since the election results are still uncertain, a new government may have a set of economic and development policies substantially different than the one we have assumed. Therefore, these indicators should be viewed as only tentative and will be revised in the CDSS that we propose to complete in early 1991, after the policies of the new government are in place.

TABLE 2.
PERU: COUNTRY IMPACT MATRIX

Indicator	(Est.) 1989	Targets 1990	1991
1. Consolidated Public Sector Deficit/ Domestic Financing (Percent of GDP)	1.0	0.5	0.2
2. Agricultural Value Added in Real Terms (Percentage change)	-3.0	3.0	5.0
3. Non-traditional Exports (millions US$) (Percentage change)	15.0	5.0	10.0
4. Purchasing Power Parity Value of Unified Exchange Rate (Percent of Parity)	50.0	100.0	100.0
5. Central Government Budget/Domestic Finance (Percent of GDP)	3.0	1.0	0.5
6. Individuals Reached through Media with Anti-narcotics Message (Percentage Increase)	NA*	NA*	¡10.0
7. Percentage of Peruvian Children (Under Age Year) Immunized Against DPT, Measles, Polio, and Tuberculosis	50.0	70.0	80.0
8. Childhood Malnutrition, as Measured by Two Standard Deviations below Weight/Age (Percentage of Children to Age Five)	12.0	11.5	11.0
9. Infant Mortality (Deaths per Thousand)	75.0	73.0	72.0
10. National Fertility Rate (Births per Thousand)	4.4	4.3	4.2
11. Percentage of Married Women of Reproductive Age, Using Modern Family Planning Methods	23.0	31.0	32.0

* Survey to establish a base line will be conducted in 1990.

Overview.

During the past year, portfolio performance has been severely hampered by a variety of factors. Foremost among these has been the inappropriate macroeconomic framework that has fueled hyperinflation, deepened recession, and halved real wage levels. Second, projects have suffered reduced financial resources: GOP Treasury funds have declined sharply; Title I counterpart disbursements have been delayed and total levels reduced. Hyperinflation has depreciated inti-denominated A.I.D. resources, requiring considerably more paperwork and time to expend dollar financing, with depreciated resources arriving too late to procure the full amount of needed inputs.

Third, the deteriorating security situation has necessitated evacuation of project personnel from the Central Selva, Upper Huallaga, and Yurimaguas areas, resulted in the destruction of project sites, hampered project progress across-the-board, and reduced USAID staff travel in the countryside and our ability to monitor activities in situ. Finally, Section 620(q) and Brooke/Alexander sanctions have played havoc with timely obligations for on-going projects. They have forced the Mission to conceive imaginative, but staff-intensive means of implementation and necessitated additional paperwork and consequent delays to justify obligations under Section 123(e).

Short-term Economic Stabilization.

During the past year, the macroeconomic policies of the current Peruvian Government were uniformly unsatisfactory. The impact of this performance at the sectoral and subsectoral levels has affected virtually all A.I.D. projects.

In December 1989, the GOP made a payment to the IMF and initiated consultations on its economic framework. This apparent change in the GOP's stance vis-a-vis the international financial institutions (IFIs) arose from the GOP's concern about being expelled from the International Monetary Fund (IMF). It also proceeds from a new Peruvian political reality: a broad spectrum of responsible political and economic spokespersons have recognized the need for a rapprochement with the IFIs, agreements with the IMF and World Bank, and commitment to stabilization and adjustment programs, as elements of a successful strategy to overcome the current economic crisis. While there is little prospect of an agreement under this government, the resumption of a dialogue is still a positive step --- one which should help the new government as it will confront a seemingly intractable $1.7 billion debt arrearage obligation in August 1990.

USAID's on-going dialogue with representatives of the various major candidates in the Presidential elections confirms that all are formulating economic stabilization and structural adjustment programs of varying lengths and intensity. To mitigate severe socio-economic dislocations in the short term, the various candidates are developing a social adjustment program --- a safety net for the poor --- as part of a comprehensive stabilization effort. To resume sustained growth as early as possible, the IFIs should be encouraged to reactivate quickly their activities. This will require a fundamental change

in their policies with respect to countries in arrears with little capacity to repay. The success of anticipated economic reforms, the continued survival of democratic institutions in Peru, and our narcotics control objectives require that the U.S. take the lead in bringing the IFIs back to Peru.

The new government will also have to determine how best to organize a donor effort to support the Peruvian recovery. Assuming the implementation of a sound adjustment program, at first there will be a large reservoir of good will, but few resources. Donors will have to focus their activities in the short run on activities that will have the greatest impact on employment, while contributing to longer term growth. A coordinating group of donors should be established as soon as possible. The Policy Analysis, Planning, and Implementation (PAPI) Project should assist in this mobilization of donor interest, converting good will into concrete investments.

Basic Structural Reforms Leading to Sustained Economic Growth.

Inappropriate economic policies --- e.g., controls on exchange rates, basic food prices, and interest rates and a general lack of credit --- have inhibited long-term sustained growth in the productive sectors. Although the Garcia Administration attempted to adopt policies to stimulate agricultural output, production actually dropped in 1989. As the Central Reserve Bank restricted the provision of resources to the Agrarian Bank (the source of 80 percent of highly subsidized agricultural credit in Peru), credit for agricultural inputs dried up. Fertilizer became scarce; the parastatal fertilizer producer halted production as the GOP could no longer afford to underwrite its massive losses, and fertilizer imports declined, as the parastatal importer lacked the liquidity to obtain letters of credit. GOP controls on basic food prices and the inability of the state's agricultural marketing entity to pay farmers further depressed production. The overall impact, compounded by terrorist threats against growers and transporters, was a decline in food production.

A.I.D. did have some notable achievements in spite of the overall depressed environment. The Agricultural Technology Transfer Project promoted public/private cooperation in research and extension which was more relevant and responsive to farmers' perceived needs. It established five private technology transfer enterprises and approved feasibility studies for another seven private seed enterprises. Under a policy planning project, the Minister of Agriculture secured detailed analyses of the sectoral consequences of current exchange rate, tariff, and subsidy policies. While these studies had little impact on the GOP's macroeconomic policies, they did succeed in reducing fertilizer subsidies by 25 percent, liberalizing agricultural/livestock markets, abolishing parastatal monopoly importation of some commodities, eliminating the general sales tax for agricultural inputs, and highlighting the detrimental impacts of sectoral subsidies and controlled consumer prices on Peruvian agriculture.

This permittec the Ministry of Agriculture to avoid or delay even more inappropriate sectoral policies that were being proposed. It will also

provide the new government with the basic analyses and data to formulate sound sectoral policies in the future.

Under the Private Sector Policy Planning Project, CONFIEP's efforts ensured that the private sector's needs and perspective were presented and taken into consideration, thus attenuating GOP tendencies to a greater statist approach. Our financing enriched the quality of the public/private dialogue on the GOP's macroeconomic framework and made possible a soon-to-be-completed stabilization proposal. CONFIEP arranged for this study through a contract with GRADE, a local consultant group, and the Brookings Institute, which included the participation of Professor Jeffrey Sachs. Studies and staff training for the Central Reserve Bank, under the same project, have strengthened the analytical abilities of the only "orthodox" entity within the GOP with influence on the direction of current macroeconomic policies. This project will continue through 1990 and, at the earliest opportunity, will be consolidated into the PAPI project.

Our projects, thus, are setting the private entrepreneurial and public policy framework for the productive sectors once a more coherent set of economic policies is adopted.

Wider Sharing of the Benefits of Growth.

The overall GOP policy framework has reduced the amount of resources available for social services, lowered per capita income, and reduced the ability of Peru's poor to secure them independently. Financial resources have not been made available by the GOP in a timely or sufficient manner to support Ministry of Health activities. Price controls and lack of foreign exchange have resulted in critical shortages in pharmaceutical supplies. Strikes, mid-level and senior staff changes, logistics timing problems for the delivery of immunization and other medical supplies, and excessive vacancies in rural areas have hampered child survival efforts.

As the economy worsens, evidence of growing malnutrition continues to accumulate, with the lowest income groups finding it increasingly difficult to afford their minimum nutritional requirements. This trend is likely to continue through 1990. In fact, it is expected to become more serious in the short run as a stabilization program will cause initial socio-economic dislocations before agricultural production increases and more broadly based employment is created. By providing a safety net for the poor, our P.L. 480 Title II programs (maternal/child health, food-for-work, supplementary feeding, and emergency programs) fulfill an increasingly important role. However, GOP pricing policies are currently hampering the monetization of Title II corn to generate local currency critically needed to fund the costs of food transport/handling and PVO program monitoring/management.

Our efforts to increase agricultural production, to target food to nutritionally vulnerable groups through PVO Title II programs, and to provide immunizations and services to control diarrheal diseases and acute respiratory infections through the Child Survival Project should result in steadily

declining rates of childhood malnutrition and infant mortality/morbidity. The percentage of Peruvian children under the age of one year who are immunized against diphtheria, polio, measles, and tuberculosis has increased steadily with A.I.D. and international donor support. Through continued, concentrated efforts in 1990 and 1991, the percentage of children covered will rise from 50 to 80 percent.

Family planning is an area in which the Garcia Administration and USAID objectives, strategy, and policies most nearly coincide. However, price controls on contraceptives, import regulations for donated family planning commodities, and the public sector's free distribution of contraceptives have reduced our effectiveness in the private commercial sector. A.I.D.'s support to family planning programs in both the public and private sectors is fostering a public/private partnership and sharing of facilities; it is also enhancing the self-sustainability of PVO service providers. The number of families with access to contraception is increasing and national fertility rates are dropping.

Support for Counternarcotics Efforts.

During the past year, security has been a major factor affecting overall U.S. Mission efforts in interdiction, eradication, and income substitution. From February to September 1989, enforcement action ceased in the Upper Huallaga Valley, while secure facilities were constructed. Under our area development project, the amount of land planted in legitimate crops was less than projected, as were the number of people participating in self-help activities. These shortfalls were principally due to the security environment, the resulting limited presence of GOP extension and community development staff, the delayed availability of local currency resources, and the lack of sustained enforcement action to reduce the price of coca and relieve factor distortions within the Upper Huallaga economy.

As part of the President's Counternarcotics Initiative, a substantial increase in military assistance will help get the Peruvian military involved in a more effective drug enforcement effort. We believe that the police and armed forces, over the Action Plan period, will be able to secure a portion of the valley from Sendero Luminoso and narcotrafficker terrorists, enabling us to continue development work there and design/ implement a follow-on Selva Revitalization Project.

USAID has been successful in advancing its public drug awareness goals, through CEDRO, a Peruvian PVO. Measurement of the numbers of people reached through the media with anti-narcotics messages will require surveys that have already been planned by CEDRO. Surveys conducted to date by CEDRO have been extremely encouraging. Already, through its efforts, the Peruvian public has ranked coca production and trafficking as one of the three paramount problems confronting Peruvian society today. CEDRO is now working to educate the policy makers on ways and means to deal with that problem; its anti-drug messages appear to be having the desired impact.

Our overall performance on improving the justice system has been hampered by strikes, changes in senior judiciary/ministry personnel, GOP budgetary constraints, and lack of coordination between the Judiciary, Justice Ministry, and Prosecutor's Office. While there has been some progress in establishing a computer-assisted legal data base and court/case management system, in completing a judicial sector assessment, and in expanding a legal outreach program through 28 satellite offices in the pueblos jovenes, training for prosecutors and judges has lagged. During the up-coming evaluation, USAID will be exploring ways to modify the current progress to engage the Administration of Justice Project more meaningfully in our counternarcotics strategy, improving the effectiveness of prosecution and efficiency of case flow for narcotics-related crimes, while guaranteeing due process and basic human rights.

Special Concern: The Environment.

Peru contains a significant portion of the world's biological diversity and the Amazon basin tropical forest. The Central Selva Resource Management II (CSRM II) Project has provided modest levels of training and other inputs to capitalize on the efforts begun under an earlier project in the central selva. CSRM II will end in September 1990; no new discrete environmental or natural resource management projects are anticipated in this Action Plan. On-going or new activities, including the Upper Huallaga Area Development and Selva Economic Revitalization projects, several of our food-assisted OPGs, and future local currency funded activities, will continue our involvement on environmental issues.

SECTION III. NEW PROGRAM INITIATIVES.

A primary foreign policy objective of the United States in Peru is to reduce the production and trafficking of narcotics. This can only be achieved in the context of a stable and expanding economy, sustained growth shared throughout the population, and a steadily improving quality of life. Longer term economic development is thus another fundamental U.S. foreign policy interest in Peru. In December 1989, USAID submitted a strategy and new project descriptions for the use of additional resources as part of the President's Counternarcotics Initiative. The strategy was approved on January 24, 1990, per STATE 24026.

The proposed mix of project and program assistance contained in the strategy is contingent on a number of factors largely outside the Mission's control. These include the extent to which security is reestablished in Peru, the viability of an economic stabilization program and A.I.D.'s ability to provide personnel and resources to the Mission for new project analysis and design. Because of these factors, as well as of issues that have emerged during the project development process, we are modifying somewhat our plans for new activities under the Counternarcotics Initiative. The major changes include:

- increasing program assistance in FY 1991 from half of the additional $60 million anticipated to a new total of $51.9 million, and from $50 million to $79 million in FY 1992;

- deferring the initiation of the Selva Economic Revitalization Project until FY 1992.

- reducing the proposed initial obligations for the Investment and Export Promotion Project from $7 million to $3.6 million in FY 1991 and from $23.5 million to $3.5 million in FY 1992;

- programming local currency for all narcotics-related project costs from ESF-associated resources rather than by project dollar financing of local currency costs;

- refocusing the National Employment (Microenterprise) Generation Project to address the needs of small businesses and producers rather than just informal sector commerce;

- reformulating the Administration of Justice activity so that it more directly supports our drug control objectives;

- absorbing the initial implementation costs of the Policy Analysis, Planning, and Implementation (PAPI) Project through use of Program Design and Support funds from within the Mission's FY 1990 OYB, thus adding to the mortgage of other projects; and

- deferring development of the local currency funded Selva-Coastal Road Rehabilitation Project until FY 1992.

In addition to the narcotics activities contained in the earlier strategy submission, we plan to initiate five new projects during the FY 1991-1992 period. Each project is offset by the termination of earlier projects in each area, and thus there will be no overall increase in our non-narcotics portfolio. Furthermore, during the same period we will be eliminating, terminating early or consolidating nine projects, thus substantially reducing the portfolio funded outside the Counternarcotics Initiative.

New projects not included in the Narcotics Strategy that we will develop during the Action Plan period are briefly described below.

Strengthening Private Sector Health Institutions.

The Mission's existing Child Survival Action Project is implemented primarily through the Ministry of Health (MOH) and Social Security Institute. In early FY 1991, the project will be evaluated to assess the feasibility of supporting the expansion of private sector health delivery services, which account for more than half the country's health care. This information will be used to design the new project to support the goals of: (a) lowering infant and child morbidity and mortality, and (b) lowering the fertility rate. The MOH is severely constrained in its capacity to provide child survival services because of frequent labor problems, rapid turnover in personnel, high service delivery costs because of structural inefficiencies, and resource constraints. This project will experiment with the concept of broadening the coverage and improving the quality of health care services in selected areas initially through privatizing service delivery for low-income consumers. Existing MOH facilities will be operated through private health care contractors that have been selected on a competitive basis. This activity coincides with the GOP's efforts to decentralize government functions and give regional authorities greater responsibility for resource management in accordance with local needs.

PVO P.L. 480 Title II Support.

The numerous individual OPGs that the Mission traditionally has provided to food aid PVOs will be consolidated into a new PVO P.L. 480 Title II Support project. The Title II program is aimed at reducing malnutrition, lowering the rates of infant and child mortality and morbidity, and improving the health of lower income segments of the population. The Title II feeding program is an integral part of our program, and will be increasingly important to the Social Assistance Program the GOP will carry out as part of its economic stabilization program.

In the past, the Mission has developed individual OPGs with each food aid PVO to support their dollar-funded staff and administrative costs and enable them to manage and deliver food more effectively. By incorporating all Title II PVO support under this new project, we will be able to reduce significantly the time previously required to develop individual OPGs and manage individual activities. It will give us greater flexibility to shift project inputs in response to dynamic changes inherent in food aid programs. In addition to

providing the dollar costs required to operate the PVO food aid programs, a variety of data collection activities will be supported under this project. Also, selected PVO activities will be integrated with other Mission efforts in the fields of population, agriculture, health, and narcotics awareness.

Sierra Agriculture Infrastructure and Technology Improvement.

Peruvian agriculture production is far below its potential. Technology exists that would enable small farmers to increase their output and income substantially. Recent advances in food storage, transportation, and distribution through the private sector would lower costs to consumers, as well as give farmers a greater interest in off-farm crop marketing opportunities. The new Sierra Agriculture Infrastructure and Technology Improvement Project for FY 1992 will complement projects funded under the Counternarcotics Initiative to improve the farm-to-market transportation system and enhance market access for rural farmers. The project, to be located in an area of the sierra close to the improved transportation system, will support the construction of agricultural infrastructure (such as storage and irrigation systems) which will provide temporary employment benefits, and will offer farmers training, technical assistance, and assistance to local producer organizations. As farmer incomes increase within the project area, the attraction to narcotics producing areas should lessen.

Administration of Justice II.

Significant improvements in Peru's legal and judicial system are required to undertake more aggressive enforcement measures against narcotics traffickers. The current Administration of Justice Project is helping improve the overall efficiency of the country's judicial system. Yet, greater targeting of these efforts on narcotics crimes is needed. This project will help establish a uniform base of laws and regulations for crimes associated with narcotics. This includes such concepts as conspiracy, asset seizure, and money laundering. This project will also help establish an elite cadre of narcotics judges, prosecutors and investigators that will try major drug cases. The project will also provide guidance on case handling and prosecution for non-specialized courts. A final project component will support due process and respect for basic human rights.

CLASP II (Andean Peace Scholarships II).

The FY 1991 CLASP II project will continue the Mission's activities to provide leadership and skills training to Peruvians that are expected to become the next generation of leaders in the country. The CLASP II will support the entire spectrum of U.S. objectives to work with Peru on economic and political issues. CLASP II will provide much needed skills and, in the process, expose these future leaders to the advantages to the free enterprise system, multiparty democracy, and the effectiveness of volunteerism. This, and other Mission training projects, are immensely popular and effective.

NEW PROJECT DESCRIPTION

GOAL: To reduce infant and child mortality in Peru.

OBJECTIVE: To increase availability of child survival services, including family planning and water/sanitation education, by promoting the development and expansion of the private sector and developing cost recovery schemes for service delivery.

PROJECT TITLE: Strengthening Private Sector Health Institutions

PROJECT NUMBER: 527-0319, New Project

PROJECT FUNDING: ($000) FY 1991: $3,007 (CS)
FY 1992: $4,062 ($3,932, CS; $130, HE)
LOP: $13,000 (Grant)

FUNCTIONAL ACCOUNT: CS, HE

DESCRIPTORS: Purpose Code: 500
Priority Area: Cc

A. Relationship to A.I.D. Country Strategy and Objectives: The Peru child survival (CS) strategy calls for the expansion and improvement of sustainable CS services, including safe drinking water and sanitation facilities, by strengthening and coordinating the technical and institutional capabilities of health sector entities. The project will complement and expand CS activities being financed under the Child Survival Action Project (CSAP).

B. Relationship to Host Country and Other Donors: USAID is currently the largest donor in the health sector. PAHO, UNICEF, Rotary International, UNFPA, and bilateral donors provide varying levels of support, largely to public sector institutions in primary health care, emphasizing CS activities (excluding potable water supply and sanitation services); little assistance is provided to private institutions. This project will support the private sector which has a tremendous potential to help extend and improve CS services.

C. Conformance with Agency and Bureau Policies: The proposed project conforms with Agency and LAC Bureau policies on CS, domestic water and sanitation programs, and the role of indigenous private institutions in service provision.

D. Project Description: This five-year project will utilize the considerable expertise and resources of private institutions in Peru, including PVOs, non-profit and for-profit service delivery and research organizations, and universities, in order to improve health delivery systems to lower infant and child mortality/morbidity. The project will complement the current CSAP by expanding CS services coverage, undertaking field research, providing training and technical assistance to public sector health entities, and training private health professionals and auxiliaries. It will encompass water and sanitation, areas not now addressed by CSAP; nutrition and maternal health components will be expanded to support service/information not provided by CSAP. Project elements include: diarrheal disease control; acute respiratory

infections control; nutrition/growth monitoring; water, sanitation, and hygiene education; and maternal health and family planning. Support would be provided to conduct research, undertake certain functions/services formerly provided by the ministry, expand private delivery capacities, and provide training and/or technical assistance to other private or public providers (expanding and improving CS coverage, while utilizing existing resources more effectively). The project will strengthen managerial, financial, and technical capabilities of private entities to ensure sustainability.

Activities	Outputs
- Physicians, nurses, auxiliaries, and sanitarians trained	5,000
- Community leaders, community-based workers, and traditional birthing attendants trained	10,000
- Operations research and anthropologic studies performed on increasing coverage, improving efficiency, and enhancing quality of CS services	13
- Increased population whose health care is PVO-provided	1,600,000

E. Implementing Agency: A Peruvian institution will manage the project. Peruvian training, research, and service delivery institutions will receive subgrants or contracts to implement CS project activities.

F. Beneficiaries: Children (up to age 5) and mothers of such children.

G. Method of Obligation: Cooperative agreement.

H. Mission Management: The Health Development Officer will be project manager, supported by two project-financed PSCs as project implementers.

I. Project Design Document Approval: PID approval in A.I.D./W., 1/91; PP approval at Mission, 9/91.

J. Potential Issues: The project design team will analyze the effects of regionalization on the organization and delivery of health services. Based on financial, administrative, and technical assessments, the team will determine the extent to which private entities are self-sustainable and define an appropriate strategy. The team also needs to develop a privatization pilot, acceptable to the GOP, whereby the new GOP and/or regional governments would contract out primary health services (previously provided by the MoH).

NEW PROJECT DESCRIPTION

GOAL: To relieve hunger, reduce childhood malnutrition and infant mortality in Peru.

OBJECTIVE: To assist cooperating PVOs, which implement P.L. 480, Title II programs, to improve the planning, implementation, management, and evaluation of their supplementary food, health, nutrition, and income generation programs.

PROJECT TITLE: PVO P.L. 480 Title II Program Support

PROJECT NUMBER: 527-0353, New Project

PROJECT FUNDING: ($000) FY 1992: $ 814
LOP: $8,000

FUNCTIONAL ACCOUNT: ARDN

DESCRIPTORS: Purpose Code: 300
Priority Area: Bb

A. Relationship to A.I.D. Country Strategy and Objectives: The Title II PVO activities are integral parts of the Mission's strategy to alleviate malnutrition and reduce child/infant mortality. The program provides supplementary food, health, nutrition and child survival services to, and focuses development efforts on, the most economically, socially disadvantaged.

B. Relationship to Host Country and Other Donors: The GOP has recognized the role of PVOs to provide supplementary feeding to low-income families; in this project, it will supply the local currency equivalent of $250,000 annually from its own resources to the PVO programs. The World Food Program, European Community, Canadians, Germans, French, Dutch and Italians will continue to furnish food support through both the public and private sectors.

C. Conformance with Agency and Bureau Policies: This project conforms with both the Agency and Bureau policies to support child survival and to combat malnutrition and relieve hunger during economic crisis and restructuring.

D. Project Description: This five-year project will provide the foreign exchange resources needed to mount a development-oriented Title II food program to be implementing by four PVOs; it will also strengthen and improve PVO logistic, financial, and management capacities. The project will provide a flexible vehicle for channeling resources and realigning funding with delivery requirements. The project will develop and implement guidelines for uniform data collection, recipient selection, ration composition, and integration of food programs with other Mission activities (e.g., family planning, health, and narcotics awareness). From FY 1991-1995, the PVO regular Title II programs will distribute 60,000 metric tons, annually. In FY 1991-1992, emergency Title II aid of a similar volume would be needed to expand programs to cushion the potential negative impacts of economic stabilization and structural adjustment programs. To manage a program of this

magnitude, PVOs will require both U.S. and local currency funding: this grant would fund dollar costs directly related to implementation (e.g., expatriate staff salaries, vehicles, imported project materials/equipment, and overhead), while another 100,000 MT annually would be monetized to finance PVO costs.

Activities	Outputs
- PVOs (delivering P.L. 480 Title II food) assisted	4
- Beneficiaries served annually	2,500,000

E. Implementing Agency: CARITAS, PRISMA, ADRA/OFASA, and CARE.

F. Beneficiaries: The P.L. 480, Title II programs are projected to reach 2.2 million beneficiaries in FY 1991, 3.0 million in FY 1992, and 1-3 million annually during the FY 1993-1995 period.

G. Method of Obligation: Cooperative agreement with a competitively selected grantee.

H. Mission Management: The Food for Peace Officer will be the project officer. Under the direction of the Food for Development Office, a project-funded Title II Program Support and Monitoring Unit will provide monitoring, supervision, and evaluation of individual PVO activities.

I. Project Design Document Approval: PID approval at Mission, 2/91; PP approval at Mission, 12/91.

J. Potential Issues: The design team will explore how PVOs could contribute higher levels of their own resources to the project budget. The team would also develop a mechanism/entity which would channel funds to PVOs, account for the monetization, and provide specialized technical assistance in program sustainability. Implementation of program activities may be limited delayed in certain regions due to access and/or security considerations. On an annual basis, the potential disincentive effects on crop production and dependency on donated food must be reviewed. Finally, the duration of economic recovery may well affect the final volume of food aid and magnitude of program.

K. A.I.D./W. TDY Support for Project Development: Two person months. Individual(s) with experience in designing PVO food-supported programs.

L. Estimated Grant Approval: First Quarter, FY 1992.

M. A.I.D. Financed Inputs: ($000) (All Years)

Financing/Technical Assistance Grantee	Food PVO Subgrants	Program Support/ Monitoring Unit	Total
2,000	5,000	1,000	8,000

NOTE: In addition to the grant funds, from FY 1992 to FY 1995, $150 million will be provided in Title II commodities for distribution, with another $40 million in local currency being generated by a Title II Monetization Program.

NEW PROJECT DESCRIPTION

GOAL: To promote the integration of the sierra region of Peru into the national economy.

OBJECTIVE: To increase agricultural production and income for lower income farmers and herders in a selected area of the sierra.

PROJECT TITLE: Sierra Agriculture Infrastructure and Technology Improvement

PROJECT NUMBER: 527-0351, New Project

PROJECT FUNDING: ($000) FY 1992: $1,500 ($1,000, ARDN; $500, PSEE)
LOP: $30,000 (Grant) and
$20,000 (ESF-associated Local Currency)

FUNCTIONAL ACCOUNT: ARDN, PSEE

DESCRIPTORS: Purpose Codes: 210, 260
Priority Area: Aa

A. Relationship to A.I.D. Country Strategy and Objectives: This project is consistent with the CDSS goal of increasing agricultural production and the A.I.D. mandate to promote private sector involvement. Infrastructure improvement will provide employment and enhance the resource base for agricultural production in the project area. Organization of local entities for effective agricultural input and market access will assure better economic opportunities for low-income farmers.

B. Relationship to Host Country and Other Donors: The GOP has an abiding concern for the plight of the campesino in the southern sierra, as evidenced by its agricultural extension and subsidized credit programs. Other donors (e.g., the French, Dutch, Germans, and European Community) have traditionally been active in the sierra, but have curtailed efforts due to security concerns.

C. Conformance with Agency and Bureau Policies: The project conforms to LAC Bureau and A.I.D. goals of extending more equitably the benefits of growth, increasing agricultural production, generating employment, transferring appropriate technologies, and utilizing the private sector as the engine of growth in the rural sector.

D. Project Description: The project will improve agricultural income in sierra regions in a three-phased program: (1) increased production; (2) technology transfer; and (3) institutional strengthening to address credit, land tenure, marketing, and other constraints. Activities include: (a) employment generation through construction, maintenance, and management of infrastructure (e.g., farm-to-market roads, irrigation systems, storage facilities, reforestation), by private contractors; (b) technology transfer through training, extension, and institutional development using existing private sector models; (c) increased private ownership of land; (d) provision of credit through private banks and financing entities, cooperatives, and

credit unions, and (e) increased input availability and market access through private commerce, cooperatives, and local producer groups.

Activities	Outputs
- Kilometers of roads constructed	200
- Irrigation facilities constructed	25
- Storage facilities constructed	20
- Reforestation/terracing schemes constructed	50
- Person/years of employment generated	10,000

The outputs fcr technology packages, credit, provision of agricultural inputs, and enhanced marketing information/access will be defined during project design

E. Implementing Agency: A Peruvian private non-profit institution or consulting firm will manage the project. Existing private sector organizations (e.g., local firms, private banks and financial entities, producer groups/cooperatives, international and local PVOs) in the sierra will implement on-site project activities.

F. Beneficiaries: Lower income farmers and herders in the Sierra.

G. Method of Obligation: Cooperative agreement (a PVO) or contract (private sector).

H. Mission Management: The Agricultural Development Officer will be the project manager; he will be assisted by 1 USPSC project coordinator.

I. Project Design Document Approval: PID approval in A.I.D./W., 1/92; PP approval at Mission, 7/92.

J. Potential Issues: Security concerns may hamper project design and delay implementation. The design team needs to identify financing and management mechanisms for infrastructure construction. The credit component will have to ensure positive real interest rates and maintenance of value.

K. A.I.D./W. TDY Support: One Project Development Officer for 6 weeks.

L. Estimated Grant Approval: Fourth quarter, FY 1992.

M. A.I.D. Financed Inputs: (US$000) (All Years)

Technical Assistance	Institutional Strengthening	Training	Total
10,000	15,000	5,000	30,000

NOTE: Materials and labor for infrastructure construction ($20 million in local currency equivalent) will be made available from counterpart generations provided under the ESF-funded Economic Stabilization and Recovery Project.

NEW PROJECT DESCRIPTION

GOAL: To strengthen the Peruvian justice system.

OBJECTIVE: To assist the GOP to obtain greater judicial control of narcotics-related crimes and to improve the system's administrative/technical performance, including increased accessibility to the people.

PROJECT TITLE: Administration of Justice II

PROJECT NUMBER: 527-0352, New Project

PROJECT FUNDING: ($000) FY 1992: $1,000 (ESF)
LOP: $5,000 (Grant)

FUNCTIONAL ACCOUNT: ESF

DESCRIPTORS: Purpose Code: 901
Priority Area: N/A

A. Relationship to A.I.D. Country Strategy and Objectives: The program contributes to the strengthening of democracy and democratic institutions and supports a pre-eminent U.S. interest in Peru: narcotics control/suppression.

B. Relationship to Host Country and Other Donors: The GOP continues its interest in improving its judicial system and has requested (and received) assistance from the UNDP and other donors. The focus on narcotics proceeds from Andean-U.S. collaboration on effective prosecution of narcotics-related crimes and the international commitment (as signified by the Vienna Drug Convention) to assist Peru in effective enforcement action.

C. Conformance with Agency and Bureau Policies: This project conforms to Agency and LAC Bureau policy of reinforcing democratic institutions. It is also consistent with the President's Counternarcotics Initiative.

D. Project Description: The Peruvian justice system is subject to intense pressures generated by a burgeoning metropolitan population, terrorism, the corrupting influence of narcotics trafficking, and explosive growth in common crime. It has not adequately responded to the demands of society because of low allocations of human and material resources. The system is antiquated, inaccessible to the majority of Peruvians, generally lacking in the modernization and planning mechanisms necessary for improvement, and both distrusted and misunderstood by the public. Its inability to deal efficiently and expeditiously in both civil and criminal matters poses an increasing threat to the preservation of a functioning democratic system in Peru.

The project will continue current support to the Justice Ministry, Judiciary, and Prosecutor's Office to counter the negative impacts of the narcotics trade on Peruvian society. The project focus is to improve the legal system in its capacity to prosecute fairly and effectively narcotics-related crimes. The project will work with Peruvian legal institutions to: (1) develop new laws to

address narcotics-related crimes (e.g., conspiracy, asset forfeiture, and money laundering); (2) further develop a court management system to increase the efficiency of the judiciary to handle increased caseloads; (3) develop specialized courts dedicated to the juridical and social concerns involved in narcotics cases; (4) continue building an automated, comprehensive legal database of all Peruvian legislation, jurisprudence, and legal norms; (5) support due process and observation of human rights, by supporting ways and means of deterring rights and due process violations (including investigative training for special prosecutorial units); and (6) simplify administrative processes and regulations on commercial activity, thereby facilitating the small enterprise growth and employment generation.

Activities	Outputs
- Prosecutors trained in narcotics laws/procedures	80
- Judges trained in new narcotics laws/jurisprudence	40
- Prosecutors trained in due process/human rights abuse matters	32
- Courts with installed management/case tracking systems	25
- Special human rights investigative units created	4
- New narcotics-related laws/jurisprudence developed	x
- Specialized narcotics tribunals created	x
- Simplification of commercial laws/regulations	x

E. Implementing Agency: The Judiciary (Court Administration), Prosecutor's Office (Public Ministry), and Ministry of Justice.

F. Beneficiaries: The Peruvian people.

G. Method of Obligation: Bilateral project agreement.

H. Mission Management: The project will be managed by one project-funded USPSC, assisted by a project-funded FSNPSC, as program specialist.

I. Project Design Document Approval: PID approval in A.I.D./W, 4/91; PP approved at Mission, 12/91.

J. Potential Issues: The design team will assess GOP willingness to create specialized narcotics tribunals and develop mechanisms to afford them protection and insulate them from corruption; it will explore the extent to which non-governmental human rights entities should be included in the project.

K. A.I.D./W. TDY Support for Project Development: One USDH from the LAC/Democratic Initiatives Office.

L. Estimated Grant Approval: Second Quarter, FY 1992.

M. A.I.D. Financed Inputs: ($000) (All Years)

Management and Systems Improvement	Narcotics Support	Commercial Code Simplification	Human Rights Support	Total
1,700	1,800	1,000	500	5,000

NEW PROJECT DESCRIPTION

GOAL: To promote broad-based economic and social development in the Latin American and Caribbean (LAC) Region.

OBJECTIVE: To provide training opportunities for a diverse base of leaders and potential leaders in LAC countries through specialized U.S. skills and academic training, as well as an understanding of the values and democratic processes within a free enterprise economy.

PROJECT TITLE: Caribbean and Latin American Scholarship Program (CLASP II)

PROJECT NUMBER: 527-0340, New Project

PROJECT FUNDING: ($000) FY 1991: $ 800 (EHR)
FY 1992: $2,380 (1,600, ESF; 780, EHR)
LOP: $6,000 (Grant)

FUNCTIONAL ACCOUNT: EHR, ESF

DESCRIPTORS: Purpose Code: 500
Priority Areas: Bb, Cc

A. Relationship to A.I.D. Country Strategy and Objectives: Increasing access to education and training opportunities for leaders and those with leadership potential is critical to promoting stronger economic growth for Peru. The proposed project supports this strategy by strengthening and expanding the human resource base to provide a better foundation for stronger social and economic development. It also contributes to the U.S. interest of reinforcing democratic institutions by exposing future Peruvian leaders to American pluralism and democratic processes.

B. Relationship to Host Country and Other Donors: A high priority of the GOP and other donors has been upgrading skills of leaders in important sectors. U.N. agencies, Eastern Bloc countries, Spain, Belgium, France, and Argentina have active external scholarship programs, mainly in education and agriculture.

C. Conformance with Agency and Bureau Policies: The proposed project is fully consistent with the Agency and LAC Bureau policies regarding: (1) increased training opportunities in the U.S., and (2) contribution to the strengthening local democratic institutions.

D. Project Description: The project will (a) provide leadership and skills training for Peruvians from middle and lower socio-economic groups; (b) expose leaders to the values and mechanisms of democratic pluralism, volunteerism, and free enterprise; (c) enhance the impact of U.S. training by concentrating on individuals with the greatest potential for influencing the future direction of their communities; and (d) provide specialized technical training in critical sectors for Peruvian development. At least 70 percent of CLASP II participants will be from socially or economically disadvantaged groups; 50 percent will be female; 20 percent will attend long-term training programs of

nine months or longer, and 10 percent will be placed at HBCU institutions. Most CLASP trainees will receive short-term technical or long-term non-degree academic training; limited opportunities will be provided at the graduate level. The leadership skills instruction, combined with "Experience America" activities, will expose scholars to the principles and mechanisms of pluralism and provide a substantive understanding of U.S. values and culture.

Activities	Output
- Long-term trainees	80
- Short-term trainees	320
- Socially or economically disadvantaged participants	280
- Female participants	200
- Participants placed at HBCUs	40
- Total number of participants	400

E. Implementing Agency: A U.S. institution will manage placement in the U.S., while a U.S. or Peruvian institution will manage candidate selection, processing, and follow-up activities.

F. Beneficiaries: Leaders and potential leaders from disadvantaged socio-economic groups and key development sectors.

G. Method of Obligation: For management of U.S. training, contract awarded pursuant to competitive bidding; for entity managing local candidate selection, processing, and follow-up, a competitively bid contract or grant, in accordance with A.I.D. HB 3.

H. Mission Management: The Program Specialist (Chief, Training and Social Development Division) will be project officer.

I. Project Design Document Approval: Social Institutional Framework (SIF) approval in A.I.D./W., 6/90; PP approval at Mission, 8/90.

J. Potential Issues: During the SIF and PP design, the following issues need to be addressed: (1) development of a clear definition of "leaders" or "potential leaders;" (2) identification of a contracting mechanism to arrange the U.S. training program and the local management of participants; and (3) development of a mechanism to follow-up on and provide technical assistance to returned participants, to assure the transfer and use of new skills.

K. A.I.D./W. TDY Support for Project Development: No USDH required; "buy-in" to EHR Technical Assistance Services Project for SIF and PP preparation.

L. Estimated Grant Approval: Second quarter, FY 1991.

M. A.I.D. Financed Inputs: ($000) (All Years)

U.S. Training Costs	Management Costs	Follow-on Costs	Evaluation	Total
3,500	2,200	200	100	6,000

SECTION IV. RESOURCE REQUIREMENTS.

The proposed program balances our longer term development interests in Peru and the priority we attach to drug control. In the current circumstances these interests reinforce each other as the narcotics problem is inextricably linked to the country's economic difficulties. A serious attack on the country's narcotics problem can only be achieved within the framework of sound economic and social policies and a growing economy. On the other hand, any attempt to stabilize the economy and stimulate legitimate growth must take into account the distortions caused by the country's narcotics industry and the impact it has on employment and foreign exchange earnings.

Operational Year Budget Requirements.

We will need a total of $109.168 million from all sources in FY 1991 and $149.168 million in FY 1992 to carry out the proposed program. These amounts are consistent with control figures provided by A.I.D./W. In addition, assuming that the GOP implements a comprehensive economic adjustment program and rational agricultural policies, we propose increasing the Title I program in both FYs 1991 and 1992 from $15 to $30 million. We also propose increasing the Title II program to $50.0 million in both FYs 1991 and 1992. These resources will help the country weather the shock of temporary extreme inflation, unemployment and food shortages, while supporting the adoption of agricultural sector policies that stimulate domestic production and private sector marketing.

Project and Personnel Consolidation.

USAID is restructuring its portfolio and organization to be more responsive to the narcotics priority while increasing our ability to address implementation issues. Currently, there are 27 discrete projects underway which are supported by a USAID staff of 187 O.E.-funded positions, including 20 USDHs, 2 USRHs, 3 USPSCs, 45 FSNDHs, 58 FSNPSCs and 59 support personnel under a manpower contract. We intend to come down to 165 O.E.-funded personnel by the end of FY 1990, a reduction of 24 percent from two years ago. Of the 187 current positions, there are 11 vacancies. The Mission has continuously encountered prolonged delays in filling USDH positions, and we will need better A.I.D./W. support in filling existing or projected vacancies.

With project funds, the Mission currently supports 7 institutional and 21 personal services contractors. Most of these contractors are Peruvian citizens. At the end of FY 1991, we will have 29 project-funded contractors on board. There will be an increase in this level in FY 1992 to support the new counternarcotics activities.

Through the consolidation of projects, early termination of poorly performing activities, and withdrawal of USAID involvement in marginal activities, we will reduce the number of non-narcotics related projects from 25 currently to

11 by the end of FY 1992. In addition, we will sharply reduce the number of central A.I.D. projects, primarily in the areas of population and Science Advisor grants, over the next two years. Our ability to consolidate the portfolio will be affected by the extent to which we can incorporate on-going policy activities into the proposed Policy Analysis, Planning and Implementation Project (PAPI) and by the flexibility we can achieve through a single grant to one organization to manage activities now being carried out by four separate PVOs implementing food assistance program. But, these efforts to reduce the new project development workload and existing portfolio outside the narcotics area will sharply limit our ability to respond to any special concerns that the new government may have. And, we will need to continue the management-intensive monitoring and implementation of the regionally funded Institute of Liberty and Democracy project.

At the same time that we are consolidating our existing portfolio, the number of activities to be funded from the President's Counternarcotics Initiative will expand. By the end of FY 1992, we will have five dollar-funded projects and balance of payments assistance underway that will be financed from the Initiative. In addition, development of a process to manage and account for ESF local currency resources and activities within USAID and by the GOP will be a major exercise. It is imperative that we secure greater AID/W support for the design of these activities; likewise, assistance from Missions with experience in large ESF balance of payments programs would be beneficial.

Operating Expense Budget.

It is virtually impossible to prepare a realistic O.E. budget under Peru's current economic circumstances. As we have detailed in last year's Action Plan and ABS, there is little relationship between the rate of exchange and Peru's rate of inflation; last year, inflation raged at almost a 2,800 percent level, while the inti depreciated by only 589 percent. In FY 1989, FSN personnel costs accounted for almost half of the total O.E. budget ($4.275 million). It is estimated that, during FY 1990, these costs will range from 59 to 66 percent, depending on the exchange rate-wage adjustment relationship; this assumes an FY 1990 level of $4.0 million. FSN salaries are adjusted monthly based on the local consumer price index. During the first four months of FY 1990, the wage increases averaged approximately 27 percent per month.

Data from November 1989 illustrates the budgeting problem. During that time, the exchange rate ranged from 7,120 to 15,050 intis per dollar, while salaries increased only 21 percent; thus, we had potential O.E. savings during that period. On the other hand, by January 1, 1990, the inti exchange rate had dropped to 12,270 per dollar, while wages increased 23 and 30 percent for December and January, respectively. Similar fluctuations have occurred at other times in the past years. Another example of the volatility in O.E. local costs occurred during the first four months of FY 1990. With virtually the same number of FSNDH employees, basic salary costs ranged from a low of $15,623 to a high of $39,252 per pay period.

We could eliminate this uncertainty by denominating FSN salaries in dollars or by other means. However, since most other elements of the U.S. Mission in Peru do not face similar budget constraints, they are reluctant to change. In addition, this would also limit our ability to utilize local currency trust funds (without using reverse accommodation exchange) in the future for these costs and would limit any future salary increases to our employees. And, we are committed to keeping A.I.D. FSN salaries on the same scale as the rest of the U.S. Mission.

While we have assumed that over time the rate of inflation and depreciation in the inti will average out, we have no assurances that this will indeed happen. Budgeting under these circumstances is a time-consuming, frustrating, and futile exercise.

At the current rate of exchange we estimate total FY 1990 O.E. requirements to be $4.476 million; this excludes non-expendable property (NXP) procurement and includes a reduction of O.E.-funded Mission staff by 22 positions from the current level. Our FY 1991 O.E. requirements are $5.214 million, including NXP.

In order to comply with the Bureau's FY 1991 preliminary control number of $3.6 million, we would need to take urgent action now to effect savings in FY 1991. These actions would result in limited savings in FY 1990 due to the short time frame to implement changes this fiscal year. The changes needed to get down to the Bureau's control level would devastate our program, the Mission's core staff, and personnel morale. This would seriously jeopardize our capacity to carry out the Counternarcotics Initiative and would largely eliminate our ability to address Peru's long-term development needs. Total O.E.-funded personnel would need to be reduced in FY 1990 from 187 positions to 139 by the end of FY 1991, including a reduction of 5 USDHs, 2 USPSCs, 27 FSNs (both DH and PSC), and 12 under the manpower contract.

Due to the budgeting uncertainties previously noted, the Mission believes that detailed projections of FY 1992 O.E. budget levels would be a futile exercise. We are, thus, assuming a tentative, level-funded $5.214 million as Mission requirements for FY 1992.

Impact of Reducing O.E. Budget to Control Level.

Conforming to the Bureau's control figure for FY 1991 under current budget assumptions (uncertain as they may be) would have the following impact:

Programmatic:

- Eliminate ESF local currency project funding by attributing local currency to the GOP's general budget.

- Eliminate all centrally-funded activities from the population portfolio.

- Terminate all population projects except the Private Voluntary Family Planning Expansion and the Private Commercial Family Planning projects.

- Terminate development work on the proposed National Employment (Microenterprise) Generation Project.

- Eliminate all new Science Advisor grants which require any type of Mission support.

- Terminate participation in Tropical Soils and Small Ruminants CRSPs.

- Terminate involvement in the housing sectors, foregoing proposed Housing Investment Guarantee development and related technical assistance.

- Reduce substantially participant training related services of the Training and Social Development Division.

- Phase down and terminate early the Private Sector Policy Planning Project with the Central Reserve Bank and CONFIEP.

- Terminate early the Private Sector Management Improvement Project.

- Terminate early the Disaster Preparedness Project.

- Reduce the level of USAID project management of food PVO OPGs, reducing USAID involvement to a food monitoring role.

- Eliminate all USAID/Peru support for the ADC programs in Colombia, Chile, and Brazil, including Controller and Executive offices backstopping.

- Eliminate the Office of Development Resources and transfer its administration of justice, ILD, and private sector functions to the other technical offices.

- Restrict sharply the number of visitors or TDYers.

Administrative:

- Eliminate non-expendable property and ADP procurement from the budget.

- Reduce the level and quality of services provided by the General Services Office.

- Reduce operational travel by $45,000 and $51,000 for FY 1990 and FY 1991, respectively, and rely on Mission and program funded staff to prepare Counternarcotics Initiative projects rather than depend on support from A.I.D./W.

- Consolidate space in the A.I.D. building and lease two and a half additional floors to other USG agencies.

- Eliminate the cafeteria in the USAID building.

- Move all project-funded PSCs outside the USAID building.

Personnel:

- Abolish five USDH positions.

- Terminate both USPSCs (Financial Management Advisor, who provides services to the Mission and handles the ADCs, and the Deputy Food for Peace Officer).

- Eliminate seven FSNDH and ten FSNPSC positions.

- Abolish two more positions under the manpower contract.

There are drawbacks associated with virtually any of these specific measures. In summary, they would increase stress at this high threat post. They would increase USAID/Peru and ADC vulnerability, particularly in the financial management and administrative support areas. They would affect our ability to attract and retain the quality personnel --- both Peruvian and American --- needed for our expanding program in support of priority U.S. foreign policy interests. They would eliminate the leverage over the GOP budget process that local currency programming provides. Finally, they would reduce our support for important Peruvian initiatives in areas of longer term development concern including family planning, microenterprises and the informal sector, agriculture, and the private sector.

We are cognizant of the need to use O.E. resources efficiently and of the sharp cuts the Agency may suffer overall. We have taken all reasonable economies consistent with the Bureau's guidance to focus our program, allocate personnel to our highest priorities, and retain staff needed for the program build up for FY 1991. We are prepared to negotiate a trust fund agreement to cover most local currency O.E. costs. But, because of the doubts surrounding the reliability of the budget exercise and our expectation that an economic stabilization program will largely eliminate the uncertainties in the future, we need the Bureau's support for the full $5.214 million FY 1991 O.E. budget level. On the other hand, if there are savings in personnel costs in FY 1991, we would be prepared to return them fully to the Bureau.

Local Currency Programming.

Local currency generated through Title I sales is programmed by mutual agreement with the GOP to finance development projects supported by A.I.D. (96 percent of the total funds), and to projects supporting achievement of P.L. 480 self-help measures (4 percent). Other projects not supported with A.I.D. dollar resources are also eligible, but limited local currency availabilities have prohibited their funding in the past several years.

Title I local currency has been utilized to finance the GOP's contribution to A.I.D.-supported projects. In many instances it provides for salaries, support costs and other normal government operating expenses. The Mission is pushing the GOP to pick up these recurrent costs with its normal budget resources, reserving Title I generations only for start-up, pilot, and other non-recurring costs. This will be difficult to achieve in the short term.

In FY 1990, the Mission initiated a program to monetize Title II resources to support the local currency costs of the Emergency Feeding Program. This finances in-country PVO expenses to transport, monitor, distribute, and evaluate food aid commodity programs.

Overall Title II requirements will expand sharply when the Peruvian government begins to stabilize the economy. The economic adjustment program and anti-narcotics law enforcement actions will impose high economic and social costs on many Peruvians. The low income sectors of the population will be the hardest hit and many will require temporary assistance through a proposed Social Assistance Program (SAP) that will provide a safety net for the poor. Additional Title II imports will be required for local currency generations to support SAP activities rather than as food aid. The Mission anticipates monetizing $20 million of Title II commodities in each of FYs 1991 and 1992. Local currency resources will be programmed directly to the PVOs to implement community-based projects that generate employment and provide needed community and regional improvements to facilitate future growth and improved local conditions.

Title I local currency programming currently is handled by the Ministry of Economy and Finance. We are concerned about the ability of the Peruvian budgetary process to handle a greatly expanded program that would include ESF local currency. We also question whether programming local currency for general budget support or sectoral programs will result in the additionality we wish to see. Furthermore, we are not confident about the level of integrity in GOP budget implementation. Therefore, at this point, we intend to projectize local currency generated under the balance of payments program, as opposed to attributing it to general budgetary or sectoral programs.

We will examine this issue in more detail while preparing the ESF Concept Paper and PAAD. But, at present, we anticipate jointly programming local currency with the GOP to support local currency needs of A.I.D. and other donor projects as well as private sector projects that support rapid growth and employment. We also will utilize local currencies to establish a USAID O.E. Trust Fund. We expect to finance such activities as credit for

alternative crop programs in coca growing areas, road rehabilitation to open new markets for legitimate agricultural production, employment generation, and other activities to assist coca-producing areas to switch to legitimate and sustainable economic activities. Also, a revolving loan fund will be financed to provide credit for non-traditional export activities within the Investment and Export Promotion Project.

We anticipate retaining a private accounting firm to handle on behalf of the GOP outside the normal GOP budgetary process the disbursement, accounting and financial management of local currency activities.

TABLE 3(A).
1990 - LOCAL CURRENCY UTILIZATION*
($000)

Category	ESF	PL 480 I	PL 480 II	PL 480 III	Sec. 416	Other	Total
A. Uses:							
- HG Budget Gen.							
- HG Budget Sector						400**	400
- HG Contribution to A.I.D. Projects		12,000					12,000
- HG Contribution to Other Donor Projects							
- HG Managed L/C Projects (Govt. or Private)							
- A.I.D. Program Trust Fund							
- A.I.D. O.E. Trust Fund							
- Section 108							
- Other: CARE Monetization			13,000				13,000
Total		12,000	13,000			400	25,400
B. Channel for Assistance:							
- Public Sector		12,000				400	12,400
- Private Sector			13,000				13,000
Total		12,000	13,000			400	25,400

* Shows planned use over time of local currency generated in current and prior years.
** GOP Public Treasury funds in support of Food for Development projects.

TABLE 3(B).
1991 - LOCAL CURRENCY UTILIZATION*
($000)

Category	ESF	PL 480 I	PL 480 II	PL 480 III	Sec. 416	Other	Total
A. Uses:							
- HG Budget Gen.							
- HG Budget Sector						430**	430
- HG Contribution to A.I.D. Projects	10,000	15,000					25,000
- HG Contribution to Other Donor Projects	15,000						15,000
- HG Managed L/C Projects (Govt. or Private)	23,979						23,979
- A.I.D. Program Trust Fund							
- A.I.D. O.E. Trust Fund	3,000						3,000
- Section 108							
- Other: CARE Monetization			20,000				20,000
Total	51,979	15,000	20,000			430	87,409
B. Channel for Assistance:							
- Public Sector	30,000	15,000				430	45,430
- Private Sector	21,979		20,000				41,979
Total	51,979	15,000	20,000			430	87,409

* Shows planned use over time funds generated this fiscal year.
** GOP Public Treasury funds in support of Food for Development projects.

TABLE 3(C).
1992 - LOCAL CURRENCY UTILIZATION*
($000)

Category	ESF	PL 480 I	PL 480 II	PL 480 III	Sec. 416	Other	Total
A. Uses:							
- HG Budget Gen.							
- HG Budget Sector						500**	500
- HG Contribution to A.I.D. Projects	20,000	15,000					35,000
- HG Contribution to Other Donor Projects	15,000						15,000
- HG Managed L/C Projects (Govt. or Private)	47,000						47,000
- A.I.D. Program Trust Fund							
- A.I.D. O.E. Trust Fund	3,000						3,000
- Section 108							
- Other: CARE Monetization			20,000				20,000
Total	85,000	15,000	20,000			500	120,500
B. Channel for Assistance:							
- Public Sector	35,000	15,000				500	50,500
- Private Sector	50,000		20,000				70,000
Total	85,000	15,000	20,000			500	120,500

* Shows planned use over time funds generated this fiscal year.
** GOP Public Treasury funds in support of Food for Development projects.

TABLE 4.
SUMMARY PROGRAM FUNDING TABLE
Dollar Program by Functional Account
($000)

Account / Project Title and No.	FY 1990	FY 1991	FY 1992
Development Assistance			
ARDN			
Subtotal	2,162	2,427	2,427
(Loan)	(-)	(-)	(-)
(Grant)	(2,162)	(2,427)	(2,427)
527-0000 Program Development and Support	500	828	238
527-0282 Agricultural Technology Transformation	1,100	1,599	375
527-0328 OPG ADRA/OFASA: Nutrition and Food for Work	354	-	-
527-0330 OPG CARE: Food Assisted Integrated Development	208	-	-
527-0351 Sierra Agriculture Infrastructure and Technology Improvement	-	-	1,000
527-0353 PVO P.L. 480 Title II Support	-	-	814
Population			
Subtotal	2,300	2,600	2,600
(Loan)	(-)	(-)	(-)
(Grant)	(2,300)	(2,600)	(2,600)
527-0000 Program Development and Support	100	100	212
527-0326 Private Commercial Family Planning*	300	500	1,100
527-0335 Private Voluntary Sector Family Planning Services Expansion	1,900	2,000	1,288

* Previously entitled "Contraceptive Social Marketing" in CP.

TABLE 4.
SUMMARY PROGRAM FUNDING TABLE
(continued, Page 2)

Account / Project Title and No.	FY 1990	FY 1991	FY 1992
Health			
Subtotal	279	162	162
(Loan)	(-)	(-)	(-)
(Grant)	(279)	(162)	(162)
527-0000 Program Development and Support	53	162	32
527-0285 Child Survival Action	176	-	-
527-0319 Strengthening Private Sector Health Institutions	-	-	130
527-0333 HIV/AIDS Education and Prevention	50	-	-
Child Survival			
Subtotal	4,280	3,932	3,932
(Loan)	(-)	(-)	(-)
(Grant)	(4,280)	(3,932)	(3,932)
527-0285 Child Survival Action	3,641	925	-
527-0319 Strengthening Private Sector Health Institutions	-	3,007	3,932
527-0323 OPG PRISMA: MOH Supplementary Feeding Program	212	-	-
527-0328 OPG ADRA/OFASA: Nutrition and Food for Work	308	-	-
527-0330 OPG CARE: Food Assisted Integrated Development	119	-	-
AIDS			
Subtotal	100	200	200
(Loan)	(-)	(-)	(-)
(Grant)	(100)	(200)	(200)

TABLE 4.
SUMMARY PROGRAM FUNDING TABLE
(continued, Page 3)

Account / Project Title and No.	FY 1990	FY 1991	FY 1992
527-0333 HIV/AIDS Education and Prevention	100	200	200
Education			
Subtotal	2,208	1,586	1,586
(Loan)	(-)	(-)	(-)
(Grant)	(2,208)	(1,586)	(1,586)
527-0000 Program Development and Support	85	50	50
527-0272 Private Sector Management Improvement	671	736	756
527-0313 Andean Peace Scholarships	1,452	-	-
527-0340 CLASP II (Andean Peace Scholarships II)	-	800	780
Environment and Energy			
Subtotal	674	968	968
(Loan)	(-)	(-)	(-)
(Grant)	(674)	(968)	(968)
527-0000 Program Development and Support	245	137	368
527-0061 Special Projects	100	100	100
527-0298 Private Sector Policy Planning and Institutional Development	329	731	-
527-0351 Sierra Agriculture Infrastructure and Technology Improvement	-	-	500
Subtotal, Development Assistance	12,003	11,875	11,875
(Loan)	(-)	(-)	(-)
(Grant)	(12,003)	(11,875)	(11,875)

TABLE 4.
SUMMARY PROGRAM FUNDING TABLE
(continued, Page 4)

Account / Project Title and No.	FY 1990	FY 1991	FY 1992
Economic Support Fund			
Subtotal, ESF	3,286	63,100	103,100
(Loan)	(-)	(-)	(-)
(Grant)	(3,286)	(63,100)	(103,100)
527-0000 Program Development and Support	850*	-	-
527-0244 Upper Huallaga Area Development	1,000*	2,500	-
527-0288 Narcotics Education Initiatives	936*	1,021**	-
527-0303 Administration of Justice	500*	-	-
527-0340 CLASP II (Andean Peace Scholarship II)	-	-	1,600
527-0343 Policy Analysis, Planning, and Implementation	-	3,000***	2,500***
527-0344 Economic Stabilization and Recovery	-	51,979***	79,000***
527-0347 Narcotics Education and Community Initiatives	-	-	2,000***
527-0348 Selva Economic Revitalization	-	-	12,000***
527-0349 Investment and Export Promotion	-	3,600***	3,500***
527-0350 National Employment (Microenterprise) Generation	-	1,000***	1,000***
527-0352 Administration of Justice II	-	-	1,500

* Narcotics-related Projects for FY 1990.
** $421,000 is from the Presidential Counternarcotics Initiative Fund.
*** Presidential Counternarcotics Initiative Fund (commences FY 1991).

TABLE 4.
SUMMARY PROGRAM FUNDING TABLE
(continued, Page 5)

Account / Project Title and No.	FY 1990	FY 1991	FY 1992
P.L. 480			
Subtotal, P.L. 480	36,602	34,193	34,193
(Loan)	(10,000)	(15,000)	(15,000)
(Grant)	(26,602)	(19,193)	(19,193)
PROGRAM TOTAL	51,891	109,168	149,168
(Loan)	(10,000)	(15,000)	(15,000)
(Grant)	(41,891)	(94,168)	(134,168)
Additional Resources Requested Under the Presidential Counternarcotics Initiative:			
P.L. 480	33,398	45,807	45,807
(Loan)	(10,000)	(15,000)	(15,000)
(Grant)	(23,398)	(30,807)	(30,807)
PROGRAM TOTAL (including Additional Resources)	85,289	154,975	194,975
(Loan)	(20,000)	(30,000)	(30,000)
(Grant)	(65,289)	(124,975)	(164,975)

TABLE 5(A).
USAID/PERU MORTGAGE ANALYSIS
SUMMARY
($000)

Functional Account by Fiscal Year	LOP Amount	Cumulative Obligations	Mortgage at End of Fiscal Year
AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION			
FY 1989	23,300	16,583	6,717
1990	26,300	22,525	3,775
1991	26,300	24,124	2,176
1992	54,300	26,313	27,987
POPULATION			
FY 1989	7,755	2,217	5,538
1990	9,655	4,767	4,888
1991	9,655	7,267	2,388
1992	9,655	9,155	500
AIDS			
FY 1989	400	100	300
1990	600	200	400
1991	600	400	200
1992	600	600	-
HEALTH			
FY 1989	993	646	347
1990	4,147	4,147	-
1991	4,147	4,147	-
1992	6,147	4,277	1,870
CHILD SURVIVAL			
FY 1989	19,316	10,957	8,359
1990	16,162	15,237	925
1991	27,162	19,169	7,993
1992	27,162	23,101	4,061
EDUCATION AND HUMAN RESOURCES			
FY 1989	11,878	8,845	3,033
1990	12,485	10,993	1,492
1991	15,985	12,529	3,456
1992	15,985	14,065	1,920
PRIVATE SECTOR, ENERGY, AND ENVIRONMENT			
FY 1989	7,650	6,475	1,175
1990	7,650	6,919	731
1991	7,650	7,650	-
1992	7,650	7,650	-
ECONOMIC SUPPORT FUND			
FY 1989	15,050	11,150	3,900
1990	23,607	13,586	10,021
1991	338,607	76,686	261,921
1992	385,186	179,786	205,400

TABLE 5(B).
USAID/PERU MORTGAGE ANALYSIS
$000

Account/ Project No. and Title	LOP Amount	Cumulative Obligations	Mortgage At End of Fiscal Year
AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION			
527-0282			
Agricultural Technology Transformation (DA)			
FY 1989	22,300	16,146	6,154
1990	25,300	21,525 1/	3,775
1991	25,300	23,124	2,176
1992	25,300	23,499	1,801
527-0328			
OPG ADRA/OFASA: Nutrition and Food for Work			
FY 1989	632	278	354
1990	632	632	-
1991	632	632	-
1992	632	632	-
527-0328			
OPG ADRA/OFASA: Nutrition and Food for Work (CS)			
FY 1989	550	242	308
1990	550	550	-
1991	550	550	-
1992	550	550	-
527-0330			
OPG CARE: Food Assisted Integrated Development			
FY 1989	368	159	209
1990	368	368	-
1991	368	368	-
1992	368	368	-
527-0330			
OPG CARE: Food Assisted Integrated Development (CS)			
FY 1989	297	178	119
1990	297	297	-
1991	297	297	-
1992	297	297	-
527-0351			
Sierra Agriculture Infrastructure and Technology Improvement			
FY 1989	-	-	-
1990	-	-	-
1991	-	-	-
1992	20,000	1,000	19,000

1/ Includes estimated $4,279,068 reobs from prior year deobs.

TABLE 5(B).
USAID/PERU MORTGAGE ANALYSIS
(Continued, Page 2)
$000

Account/ Project No. and Title	LOP Amount	Cumulative Obligations	Mortgage At End of Fiscal Year
527-0353			
PVO P.L. 480 Title II Support			
FY 1989	-	-	-
1990	-	-	-
1991	-	-	-
1992	8,000	814	7,186
POPULATION			
527-0326			
Private Commercial Family Planning*			
FY 1989	-	-	-
1990	1,900	300	1,600
1991	1,900	800	1,100
1992	1,900	1,900	-
527-0335			
Private Voluntary Sector Family Planning Services Expansion			
FY 1989	7,755	2,217	5,538
1990	7,755	4,467 2/	3,288
1991	7,755	6,467	1,288
1992	7,755	7,755	-
AIDS			
527-0333			
HIV/AIDS Education and Prevention			
FY 1989	400	100	300
1990	600	200	400
1991	600	400	200
1992	600	600	-
HEALTH / CHILD SURVIVAL			
527-0285			
Child Survival Action Project (HE)			
FY 1989	893	596	297
1990	4,047 3/	4,047 3/	-
1991	4,047	4,047	-
1992	4,047	4,047	-

* Previously entitled ¿Contraceptive Social Marketing" in CP.
2/ Includes $350,000 estimated reobs of prior year deobs.
3/ Includes $3,275,549 estimated reobs.

TABLE 5(B).
USAID/PERU MORTGAGE ANALYSIS
(Continued, Page 3)
$000

Account/ Project No. and Title	LOP Amount	Cumulative Obligations	Mortgage At End of Fiscal Year
527-0285			
Child Survival Action Project (CS)			
FY 1989	18,107	10,387	7,720
1990	14,953	14,028	925
1991	14,953	14,953	-
1992	14,953	14,953	-
527-0319			
Strengthening Private Sector Health Institutions (HE)			
FY 1989	-	-	-
1990	-	-	-
1991	-	-	-
1992	2,000	130	1,870
527-0319			
Strengthening Private Sector Health Institutions (CS)			
FY 1989	-	-	-
1990	-	-	-
1991	11,000	3,007	7,993
1992	11,000	6,939	4,061
527-0323			
OPG PRISMA: MOH Supplementary Feeding (CS)			
FY 1989	362	150	212
1990	362	362	-
1991	362	362	-
1992	362	362	-
527-0333			
HIV/AIDS Education and Prevention (HE)			
FY 1989	100	50	50
1990	100	100	-
1991	100	100	-
1992	100	100	-
EDUCATION AND HUMAN RESOURCES			
527-0272			
Private Sector Management Improvement			
FY 1989	7,000	4,837	2,163
1990	7,000	5,508	1,492
1991	7,000	6,244	756
1992	7,000	7,000	-

TABLE 5(B).
USAID/PERU MORTGAGE ANALYSIS
(Continued, Page 4)
$000

Account/ Project No. and Title	LOP Amount	Cumulative Obligations	Mortgage At End of Fiscal Year
527-0288			
Narcotics Education Initiatives (ESF)			
FY 1989	2,800	1,600	1,200
1990	3,557	2,536	1,021
1991	3,557	3,557	-
1992	3,557	3,557	-
527-0313			
Andean Peace Scholarship			
FY 1989	4,878	4,008	870
1990	5,485	5,485 4/	-
1991	5,485	5,485	-
1992	5,485	5,485	-
527-0340			
CLASP II (Andean Peace Scholarship II) (EHR)			
FY 1989	-	-	-
1990	-	-	-
1991	3,500	800	2,700
1992	3,500	1,580	1,920
527-0340			
CLASP II - Andean Peace Scholarship II (ESF)			
FY 1989	-	-	-
1990	-	-	-
1991	2,500	-	2,500
1992	2,500	1,600	900
PRIVATE SECTOR, ENERGY, AND ENVIRONMENT			
527-0298			
Private Sector Policy Planning and Institutional Development			
FY 1989	7,650	6,475	1,175
1990	7,650	6,919 5/	731
1991	7,650	7,650	-
1992	7,650	7,650	-

4/ Includes $25,495 estimated reobs.
5/ Includes $114,615 estimated reobs.

TABLE 5(B).
USAID/PERU MORTGAGE ANALYSIS
(Continued, Page 5)
$000

Account/ Project No. and Title	LOP Amount	Cumulative Obligations	Mortgage At End of Fiscal Year
ECONOMIC SUPPORT FUND			
527-0244			
Upper Huallaga Area Development			
FY 1989	9,400	6,700	2,700
1990	10,200	7,700	2,500
1991	10,200	10,200	-
1992	10,200	10,200	-
527-0303			
Administration of Justice			
FY 1989	2,850	2,850	-
1990	3,350	3,350	-
1991	3,350	3,350	-
1992	3,350	3,350	-
527-0343			
Policy Analysis, Planning, and Implementation (PAPI)			
FY 1989	-	-	-
1990	6,500	-	6,500
1991	6,500	3,000	3,500
1992	6,500	5,500	1,000
527-0344			
Economic Stabilization and Recovery			
FY 1989	-	-	-
1990	-	-	-
1991	296,000	51,979	244,021
1992	296,000	130,979	165,021
527-0347			
Narcotics Education and Community Initiatives			
FY 1989	-	-	-
1990	-	-	-
1991	-	-	-
1992	4,500	2,000	2,500
527-0348			
Selva Economic Revitalization			
FY 1989	-	-	-
1990	-	-	-
1991	-	-	-
1992	36,079	12,000	24,079

TABLE 5(B).
USAID/PERU MORTGAGE ANALYSIS
(Continued, Page 6)
$000

Account/ Project No. and Title	LOP Amount	Cumulative Obligations	Mortgage At End of Fiscal Year
527-0349			
Investment and Export Promotion			
FY 1989	-	-	-
1990	-	-	-
1991	12,500	3,600	8,900
1992	12,500	7,100	5,400
527-0350			
National Emplcyment (Microenterprise) Generation			
FY 1989	-	-	-
1990	-	-	-
1991	4,000	1,000	3,000
1992	4,000	2,000	2,000
527-0352			
Administration of Justice II			
FY 1989	-	-	-
1990	-	-	-
1991	-	-	-
1992	6,000	1,500	4,500

SECTION V. MISSION AND A.I.D./W. INITIATED ISSUES.

1. When should the Mission be requested to submit a new CDSS.

2. Can we secure an extension and broadening of the exemption of Peru from Section 620(q) and Brooke-Alexander sanctions for narcotics activities in FY 1991 and beyond.

3. How can Washington agencies be helpful in encouraging IFIs to modify their policies to become re-engaged in Peru even though it may be unable to clear arrears with them in the short term.

4. Should the Mission plan on negotiating a trust fund agreement. If so, at what level.

5. Can AID/W secure the additional Title II and/or Section 416 resources needed to support the Social Assistance Program and Title I resources to support agricultural policy changes.

6. The Mission believes we should concentrate only on the Peruvian program and, thus, divest USAID/Peru of any responsibility for financial management and executive office support to the ADCs. If we retain responsibility for accounting for these countries, we need approval from AA/LAC to continue employing a financial analyst as a long-term USPSC.

7. The U.S. Mission in Peru is reviewing our housing policy and may recommend that all housing be pooled under government leased quarters. If such a decision is made, it will have significant implications for USAID's short-term O.E. requirements.

8. In order to get the Policy Analysis, Planning, and Implementation Project underway immediately, the Mission may need a waiver of PDiS guidelines.

9. The Action Plan does not project the use of Housing Investment Guarantee (HIG) resources. If needed policy changes are made, however, should we consider a HIG program in FY 1992 and factor this into the HIG budget.

10. Agreement will need to be reached within the Executive Branch, with the GOP, and with Congress on the definition of cooperation in the area of narcotics to assess Peru's compliance with U.S. legislation and eligibility for Counternarcotics Initiative funding.

11. Can A.I.D./W. ensure the availability of needed O.E. resources to carry out the more tightly focused development program and growing anti-narcotics activities.

12. Will A.I.D./W. be able to provide the TDY support and timely assignment of permanent personnel to carry out the program.

SECTION VI. COUNTRY TRAINING PLAN.

A. Introduction.

USAID/Peru's training portfolio has continued to focus in four areas: project-related training; AID/Washington centrally/regionally funded training; the LAC Training Initiatives II Project (LAC II) and the Andean Peace Scholarship Program (APSP). A new training element to be started in FY 91 will be CLASP II.

This CTP update provides an overview of achievements to date, training plans for FY 1990 and FY 1991 under LAC II and APSP and summarizes changes which have occurred since submission of the last CP update. An overview of efforts in other Mission and centrally funded training activities is provided in the CTP tables.

B. 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 of Peru 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/child survival, population, labor, drug abuse prevention, administration of justice and private sector development.

USAID/Peru's training programs provide a basis for implementing activities in designated areas of program concentration through project-related training, and ancillary training designed to upgrade the leadership and technical skills needed for the sustained economic, social and political development in Peru. Under the LAC II program, the Mission is assisting Peru in developing its human resource potential, and strengthening the local institutional capacity to manage its limited development resources. The APSP program opens up an innovative educational approach by providing training opportunities to disadvantaged populations, particularly women, often marginal to the mainstream of development. The APSP developmental and cultural objectives have been of critical importance to integrate a nation-wide institutional network, already committed in a sustained developmental effort with USAID/Peru.

Understanding of the key USAID/Peru developmental goals also has a visible payoff through training efforts under other Mission project related activities. A sustained policy dialogue with both public and private sector, through the implementation of interdisciplinary training opportunities, has also ensured the achievement of broader socio-economic goals.

C. Summary of Training Programs under LAC II and APSP.

The LAC II Project has been a successful training program. Initiated in 1985, three major agreements were signed with the following institutions:

(1) National Institute of Planning (INP), to promote public sector training in priority development sectors, including a special training program in Israel;
(2) National Confederation of Private Enterprise Institutions (CONFIEP), to coordinate private sector training needs, as expressed by their membership which represents almost 90 percent of Peru's universe of formal private business enterprises; and
(3) the National Association of the Partners of the Americas (NAPA) to promote training opportunities to disadvantage preparation groups.

The agreement with INP provides training opportunities to public sector candidates at all levels of government. Under this component of the project, which will expire on September 30, 1990, there has been 46 participants trained, 28 males and 18 females.

The agreement with CONFIEP expired on December 31, 1989; a total of 54 participants were trained, 41 males and 13 females. The majority of trainees sponsored through this agreement were from chambers of commerce and trade associations operating throughout the country. Training programs designed for these Peruvian entrepreneurs ranged from observation tours to individual tailor-made programs coordinated by the OIT/W Entrepreneurs International Program. A total of 8 male and 5 female young entrepreneurs participated in this latter type of program and attended three- to four-week visits to U.S. business operations. Training objectives were to update their knowledge in advanced technologies, observe methods and procedures in use in the U.S., and make contracts to either import or export machinery, equipment, and manufactured products. The Peruvian entrepreneurs achieved their training objectives and were highly satisfied with the program. The training interests of these promising Peruvian entrepreneurs were diversified: corrugated cardboard, food and fragrance flavors, textiles and garment , jute yarn, and sealed containers.

The National Association of the Partners of the Americas (NAPA) Agreement was signed in 1986 to promote training opportunities for socially and economically disadvantaged groups. This LAC II component provided the Mission with technical concepts and experiences that would later be integrated in the design of the APSP training program. This agreement terminated on December 31, 1988. A total of 29 participants were trained, which included 13 women micro-entrepreneurs from Pueblos Jovenes and 12 small farmers from different Peruvian regions. The remaining four participants attended short-term technical programs. In fact, NAPA represented a turning point in the Mission training strategy which was to move away from traditional programs to more innovative training modalities.

Originally, the total number of individuals to be trained under LAC II had been estimated at 140. By the end of the agreement, 135 (89 males and 46

females) will have received training; 118 will have studied in the United States and 17 in Israel.

For the Andean Peace Scholarship Program (APSP) an estimated 320 short-term (six to seven weeks in the U.S.) and 80 long-term (more than nine months) participants, for a total of 400, from the public and private sectors will receive training by the end of 1991. As planned, the first 84 participants travelled to the U.S. in FY 1988 and of these, 76 attended short-term and 8 long-term programs. As already reported in a previous CTP update, of the 76 short-termers, 28 (37 percent) were male, 48 (63 percent) were female, 31 (41 percent) were from Lima and 45 (59 percent) from the provinces.

In FY 1989, 96 APSP participants received training, 78 short-term and 18 long-term. An additional 134 and 86 participants are projected to be trained in FY 1990 and FY 1991, respectively.

The Peru APSP program has focused its efforts in the formation of more effective manpower resources. Considerable effort has been devoted to the conceptualization and design of the APSP training programs, in order to both achieve overall CLASP objectives and design programs that respond to the development needs of Peru.

The strengthening of mutual understanding between the U.S. and Peru has also been a major achievement throughout these two years of program implementation. By addressing this dual goal, USAID/Peru has been able to increase training opportunities to individuals from socially and economically disadvantaged groups, with the subsequent impact countering of Soviet Bloc activities.

In FY 1989, APSP training activities provided Peruvian participants with specialized short-term technical training in the U.S. in the following areas: drug abuse prevention, vegetable production, administration of justice, integrated pest management, and early childhood education. In addition, long-term training programs have also been identified for professionals in the English as a second language and economics fields.

Particular targets are set for women within the APSP training programs. In FY 1988, out of 84 participants, 51 were women (61 percent); in FY 1989, out 96 participants, 50 were female (52 percent).

D. LAC II and APSP Target Groups and Training Programs: Accomplishments in FY 1989 and Projections for FY 1990 and FY 1991.

1. LAC II.

a. FY 1989 Accomplishments:

- 1 female public sector professional attended the 36-day WID CEDPA 1989 Workshop in Washington, D.C.

- 2 male public sector professionals entered a Master's degree program in Puerto Rico, one in economics and the other in economic planning.

- 2 male public sector professionals attended a two-month Latin American Seminar on Management of Policies, Programs, and Projects held at the University of Pittsburgh.

- 1 male public sector official attended a six-week public administration course in Washington, D.C.

- 1 male public sector professional attended an on-farm management course in Israel.

- 1 male public sector professional attended an irrigation systems course in Israel.

- 5 private entrepreneurs (3 females and 2 males) participated in individual three- to four-week observational and on-the-job training programs in the U.S. in their respective field of expertise (sealing machinery, clothing, and textiles) under the Entrepreneurs International Program.

b. FY 1990 Projections.

- 1 male public sector official will attend a seven-month integrated rural regional development planning course in Israel.

- 3 male private entrepreneurs will participate in individual three- to four-week observational and on-the-job training programs in the U.S. in their respective fields of expertise (hardware production, agro-industry, and jute yarn manufacture) under Entrepreneurs International.

- 1 male public sector official will attend a four-month statistics course at the U.S. Bureau of Census in Washington, D.C.

- 2 female teachers will attend a ten-week pre-school education course in Israel.

- 1 male public sector professional will attend a two-month agricultural administration course in Israel.

- 1 female university professor will attend a six-week education workshop in Israel.

- 2 public health officials (1 female and 1 male) will attend a two-month Latin American Seminar on Project Management to be held at the University of Pittsburgh.

- 2 female public sector professionals will attend a two-month municipal administration course in Israel.

2. APSP.

a. FY 1989 Accomplishments.

A total of 96 participants were trained.

i. Short-term Training (78).

- 14 community promoters (12 female and 2 male) attended a six-week training program for psychologists, social workers, and teachers working closely with community based organizations in planning, organization, and implementation of drug abuse prevention programs; the training took place in San Francisco, California.

- 14 male agricultural leaders attended an eight-week irrigated vegetable production course at the Arizona Sonora Field School in Tucson, Arizona.

- 16 legal prosecutors (10 female and 6 male) attended a five-week administration of justice course at the University of New Mexico, in Albuquerque, New Mexico.

- 14 male agricultural leaders attended an eight-week integrated pest management course at the University of California at Chico.

- 20 female teachers attended an eight-week course on non-formal early childhood education at the Institute for Training and Development at Amherst, Massachusetts and Roxbury Community College in Boston (MA).

ii. Long-term Training (18).

- 15 teachers of English as a second language (8 female and 7 male) departed on July 21, 1989 for a ten-month TESOL Certificate Program at SUNY/Buffalo.

- 3 male economists enrolled in Master degree programs in macroeconomics and monetary economics (University of Chicago and University of California at Los Angeles) and in economics and economic development (University of Wisconsin at Milwaukee).

The Mission has had difficulty in recruiting and selecting female long-term candidates. The main reason is the traditional role of women in Peru as primary care takers of the family and their reluctance to be away for a long period of time. Therefore, three female agronomists declined scholarships. Efforts will continue to secure female participants through intensified recruiting strategies.

b. FY 1990.

The proposed programs and target groups for the 134 participants projected for training in FY 1990 under the APSP are:

i. Short-term Training (80).

- 16 mid-level PVO managers (6 male and 10 female) of local development programs will attend an eight-week program to improve PVO's administration and managerial capability to plan, implement, monitor, and evaluate local development programs.

- 16 female leaders of women's grass-roots organizations will attend an eight-week program to promote self-development and enhance their leadership abilities and organizational skills.

- 16 owners or shareholders of small enterprises (8 male and 8 female) will attend an eight-week management skills training program.

- 16 professionals (8 male and 8 female) working closely with youth in the school system, community-based organizations, or the church will attend an eight-week program to provide them with skills to promote self-development for young adults and enhance their leadership abilities.

- 16 teachers (8 male and 8 female) at universities and/or agricultural centers will attend an eight-week program to provide them with a basic knowledge of agricultural management practices and the optimum utilization of agricultural resources.

ii. Long-term Training (54).

- 8 female teachers of English as a second language to improve their teaching methods in a twelve-month certificate program.

- 2 female mass media professionals (journalists and TV and radio professionals) in specialized non-degree programs.

- 15 agronomists (12 male and 3 female) for a ten-month non-degree irrigated vegetable production training program in Spanish.

- 19 agronomists (14 male and 5 female) for a ten-month non-degree tropical crops and agro-forestry production management program in Spanish.

- 6 teachers (1 male and 5 female) to pursue a 12-month Master's program in education administration in Spanish.

- 2 female researchers or teachers will attend a ten-month non-degree tropical acquaculture program.

- 2 female survey researchers will attend a ten-month non-degree program in the application of market and opinion research for developing countries.

c. FY 1991.

Preliminary/tentative programs and target groups for the 86 participants projected for training in FY 1991 are as follows:

i. Short-term Training (86).

- 14 to 16 officers (equally divided male/female, if possible) of medium-sized agricultural cooperatives will pursue an eight-week program dealing with credit promotion and management, loan processing and monitoring, and community outreach strategies.

- 14 to 16 professionals (equally divided male/female, if possible) will take an eight-week program in environmental technical training.

- 14 to 16 mayors (equally divided male/female, if possible) from small provincial towns will attend an eight-week program dealing with the organization, roles, and functions of municipal governments.

- 14 to 16 regional government development specialists (equally divided male/female, if possible) from provincial towns will attend an eight-week program related to planning for the development of natural resources and manpower planning.

- 14 to 16 female professionals working in the field of woman in development.

- 14 to 16 male agricultural leaders (equally divided male/female, if possible) from the coastal rural areas will attend an eight-week program in integrated pest management.

E. CLASP II.

The CLASP II program is also consistent with the overall LAC Bureau major developmental goals: economic growth and strengthened democratic institutions. CLASP II will provide additional leadership and skills training for Peruvians from middle and lower socio-economic sectors as a means to promote greater participation in development by leaders from poorer and disadvantaged groups as well as from other representative sectors of Peruvian society.

In the second quarter of FY 1990, USAID/Peru will prepare a social institutional framework to be submitted to A.I.D./W. for final approval. During project design, the Mission will identify and design strategies to overcome implementation and recruitment problems which are expected to arise in light of severe economic conditions and security concerns. We shall also be using APSP I experience to develop cost-effective training models, as funding levels of CLASP II will be less than those available under APSP I, at a point in time when the needs for assistance are greater.

F. Compliance with CLASP Policy Guidance.

In FY 1989, a total of 50 individuals or 52 percent of the 96 Andean Peace Scholarship Program participants were female. The Mission does not anticipate any problem in meeting the minimum 40 percent requirement for female participants in the program.

In FY 1989, the Mission sent one short-term group of 20 participants (early childhood education coordinators) for training at an HBCU. The group attended a two-week program at Roxbury Community College, Boston. In FY 1990, the Mission plans to send 8 long-term and 16 short-term trainees to HBCUs to meet the 10 percent overall program requirement.

Of the 96 participants who departed in FY 1989, only 10 (10 percent) were not from a socially/economically disadvantaged group. The Mission does not anticipate any problem in meeting the 70 percent minimum requirement.

In order to facilitate the achievement of the 20 percent target for long-term training, the Mission identified tailor-made training programs in Spanish in the field of agriculture and education administration. However, trainees departed during the second quarter of FY 1990 instead of FY 1989, due to implementation delays on the part of the contractor.

The Mission hired another Peruvian staff person in August 1989 to work for APSP to specifically focus on follow on. A possible former participant association is being considered, as is an Andean Peace Scholarship Program newsletter.

After a careful assessment of probable decreased funding levels for the remainder of program, the Mission decided to keep with original APSP targets indicated in our latest CTP Update, that is, 400 participants. The Mission is planning to terminate APSP training activities, both short and long-term programs, as originally planned in September 1991.

G. Major Changes in Training Plan from Approved CTP.

The relatively minor changes that occurred since the submission of the FY 1990 CTP update in March 1989 include:

- 2 long-term groups of 37 trainees in the fields of agriculture and education administration departed late, or during the second quarter of FY 1990 rather than in FY 1989;

- 3 Masters degree participants were approved for training in the United States in economics, not previously anticipated;

- 3 research fellowship awards for university professors in agriculture did not take place as planned; the program was cancelled due to the small number of applications received.

TABLE 1.
S U M M A R Y
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

Program: All Programs, US and Third Country Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Technical, 27 days or less							
Female	9	15	6	13	18	22	14
Male	24	58	15	54	36	23	9
Technical, 28-179 days							
Female	9	8	19	55	44	49	57
Male	40	23	12	66	59	78	75
Technical, 180-269 days							
Female	2	-	1	1	-	-	3
Male	6	1	2	2	2	4	-
Technical, 270 days or more							
Female	2	1	2	1	8	27	-
Male	-	-	1	2	7	23	-
Total Technical	92	106	58	194	174	226	158
Academic, Undergraduate (1 year)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (2 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (3 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (4 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Graduate level (1 year to 18 months)							
Female	1	2	3	3	1	6	-
Male	1	2	-	2	3	7	1
Academic, Graduate level (2 years or more)							
Female	5	4	6	4	2	4	4
Male	22	7	11	21	15	11	10
Total Academic	29	15	20	30	21	28	15

TABLE 1.
(continued, Page 2)
S U M M A R Y
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

Program: All Programs, US and Third Country Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Summary:							
Total Trainees	121	121	78	224	195	254	173
Academic							
Female	6	6	9	5	3	10	4
Male	23	9	11	25	18	18	11
Technical							
Female	22	24	28	70	70	98	74
Male	70	82	30	124	104	128	84
Long-Term							
Female	8	7	11	6	3	37	4
Male	23	9	12	26	18	41	11
Short-Term							
Female	20	23	26	69	70	71	74
Male	70	82	29	123	104	105	84
HBCU Placements	(-)	(-)	(-)	(-)	(23)	(10)	(-)

TABLE 2(A).
CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS 1/

Program: Andean Peace Scholarships I Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Technical, 27 days or less							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Technical, 28-179 days							
Female	-	-	-	49	42	33	39
Male	-	-	-	27	36	47	47
Technical, 180-269 days							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Technical, 270 days or more							
Female	-	-	-	-	8	27	-
Male	-	-	-	-	7	22	-
Total Technical	-	-	-	76	93	129	86
Academic, Undergraduate (1 year)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (2 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (3 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (4 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Graduate level (1 year to 18 months)							
Female	-	-	-	-	-	4	-
Male	-	-	-	-	-	1	-
Academic, Graduate level (2 years or more)							
Female	-	-	-	2	-	-	-
Male	-	-	-	6	3	-	-
Total Academic	-	-	-	8	3	5	-

1/ Training to be carried out under CLASP II is not included.

TABLE 2(A).
(continued, Page 2)
CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS 1/

Program: Andean Peace Scholarships I Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Summary:							
Total Trainees	-	-	-	84	96	134	86
Academic							
Female	-	-	-	2	-	4	-
Male	-	-	-	6	3	1	-
Technical							
Female	-	-	-	49	50	60	39
Male	-	-	-	27	43	69	47
Long-Term							
Female	-	-	-	2	8	31	-
Male	-	-	-	6	10	23	-
Short-Term							
Female	-	-	-	49	42	33	39
Male	-	-	-	27	36	47	47
HBCU Placements	(-)	(-)	(-)	(-)	(20)	(8)	(-)

1/ Training to be carried out under CLASP II is not included.

TABLE 2(B).
CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS 1/

Program: LAC II

Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Technical, 27 days or less							
Female	-	6	-	3	3	-	-
Male	-	26	1	15*	2	2	-
Technical, 28-179 days							
Female	-	-	15	3*	1	6	-
Male	-	2	3	18	5*	4*	-
Technical, 180-269 days							
Female	-	-	1	1	-	-	-
Male	-	-	1	1	-	1	-
Technical, 270 days or more							
Female	-	-	-	-	-	-	-
Male	-	-	1*	-	-	-	-
Total Technical	-	34	22	41	11	13	-
Academic, Undergraduate (1 year)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (2 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (3 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (4 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Graduate level (1 year to 18 months)							
Female	-	2	-	1	-	-	-
Male	-	1	1	-	2	-	-
Academic, Graduate level (2 years or more)							
Female	-	2	1	-	-	-	-
Male	-	4	1	-	-	-	-
Total Academic	-	9	3	1	2	-	-

1/ Training to be carried out under CLASP II is not included.
* Includes training in Israel.

TABLE 2(B).
(continued, Page 2)
CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS 1/

Program: LAC II

Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Summary:							
Total Trainees	-	43	25	42	13	13	-
Academic							
Female	-	4	1	1	-	-	-
Male	-	5	2	-	2	-	-
Technical							
Female	-	6	16	7	4	6	-
Male	-	28	6	34	7	7	-
Long-Term							
Female	-	4	1	1	-	-	-
Male	-	5	3	-	2	-	-
Short-Term							
Female	-	6	16	7	4	6	-
Male	-	28	5	34	7	7	-
HBCU Placements	(-)	(-)	(-)	(3)	(2)	(2)	(-)

1/ Training to be carried out under CLASP II is not included.
* Includes training in Israel.

TABLE 3(A).
NON-CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

Program: Project-related Training, U.S. Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Technical, 27 days or less							
Female	2	3	1	1	2	2	2
Male	13	16	4	9	6	6	3
Technical, 28-179 days							
Female	-	1	-	2	-	6	11
Male	10	4	2	-	4	7	13
Technical, 180-269 days							
Female	1	-	-	-	-	-	-
Male	-	-	1	1	1	-	-
Technical, 270 days or more							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	1	-
Total Technical	26	24	8	13	13	22	29
Academic, Undergraduate (1 year)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (2 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (3 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (4 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Graduate level (1 year to 18 months)							
Female	1	-	-	1	-	2	-
Male	-	1	-	2	1	5	1
Academic, Graduate level (2 years or more)							
Female	3	-	4	-	2	2	1
Male	15	3	9	10	7	4	3
Total Academic	19	4	13	13	10	13	5

TABLE 3(A).
(continued, Page 2)
NON-CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

Program: Project-related Training, U.S. Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Summary:							
Total Trainees	45	28	21	26	23	35	34
Academic							
Female	4	-	4	1	2	4	1
Male	15	4	9	12	8	9	4
Technical							
Female	3	4	1	3	2	8	13
Male	23	20	7	10	11	14	16
Long-Term							
Female	4	-	4	1	2	4	1
Male	15	4	9	12	8	10	4
Short-Term							
Female	3	4	1	3	2	8	13
Male	23	20	7	10	11	13	16
HBCU Placements	(-)	(-)	(-)	(-)	(1)	(-)	(-)

TABLE 3(B).
NON-CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

Program: Project-related Training, Third Country Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Technical, 27 days or less							
Female	-	1	2	2	-	6	-
Male	5	12	7	13	4	-	-
Technical, 28-179 days							
Female	5	1	-	-	-	1	4
Male	17	9	1	5	9	10	6
Technical, 180-269 days							
Female	1	-	-	-	-	-	-
Male	5	1	-	-	-	-	-
Technical, 270 days or more							
Female	1	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Total Technical	34	24	10	20	13	17	10
Academic, Undergraduate (1 year)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (2 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (3 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (4 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Graduate level (1 year to 18 months)							
Female	-	-	2	-	1	-	-
Male	1	-	-	-	-	1	-
Academic, Graduate level (2 years or more)							
Female	1	-	1	1	-	-	-
Male	6	2	1	6	3	1	-
Total Academic	8	2	4	7	4	2	-

TABLE 3(B).
(continued, Page 2)
NON-CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

Program: Project-related Training, Third Country Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Summary:							
Total Trainees	42	26	14	27	17	19	10
Academic							
Female	1	-	3	1	1	-	-
Male	7	2	1	6	3	2	-
Technical							
Female	7	2	2	2	-	7	4
Male	27	22	8	18	13	10	6
Long-Term							
Female	2	-	3	1	1	-	-
Male	7	2	1	6	3	2	-
Short-Term							
Female	6	2	2	2	-	7	4
Male	27	22	8	18	13	10	6
HBCU Placements	(-)	(-)	(-)	(-)	(-)	(-)	(-)

TABLE 3(C).
NON-CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

Program: Centrally/Regionally Funded, U.S. Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Technical, 27 days or less							
Female	7	5	3	2	10	5	6
Male	6	4	3	7	11	4	3
Technical, 28-179 days							
Female	4	6	2	-	1	3	3
Male	13	8	10	13	5	10	9
Technical, 180-269 days							
Female	-	-	-	-	-	-	3
Male	1	-	-	-	1	3	-
Technical, 270 days or more							
Female	1	1	-	1	-	-	-
Male	-	-	-	2	-	-	-
Total Technical	32	24	18	25	28	25	24
Academic, Undergraduate (1 year)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (2 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (3 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (4 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Graduate level (1 year to 18 months)							
Female	-	-	-	-	-	-	-
Male	-	-	-	1	-	-	-
Academic, Graduate level (2 years or more)							
Female	1	-	-	-	-	-	-
Male	1	-	-	-	2	-	-
Total Academic	2	-	-	1	2	-	-

TABLE 3(C).
(continued, Page 2)
NON-CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

Program: Centrally/Regionally Funded, U.S. Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Summary:							
Total Trainees	34	24	18	26	30	25	24
Academic							
Female	1	-	-	-	-	-	-
Male	1	-	-	1	2	-	-
Technical							
Female	12	12	5	3	11	8	12
Male	20	12	13	22	17	17	12
Long-Term							
Female	2	1	-	1	-	-	-
Male	1	-	-	2	2	-	-
Short-Term							
Female	11	11	5	2	11	8	12
Male	20	12	13	21	17	17	12
HBCU Placements	(-)	(-)	(-)	(-)	(-)	(-)	(-)

TABLE 3(D).
NON-CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

Program: Centrally/Regionally Funded, Third Country Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Technical, 27 days or less							
Female	-	-	-	5	3	9	6
Male	-	-	-	10	13	11	3
Technical, 28-179 days							
Female	-	-	-	1	-	-	-
Male	-	-	-	3	-	-	-
Technical, 180-269 days							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Technical, 270 days or more							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Total Technical	-	-	-	19	16	20	9
Academic, Undergraduate (1 year)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (2 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (3 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Undergraduate (4 years)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Graduate level (1 year to 18 months)							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
Academic, Graduate level (2 years or more)							
Female	-	-	-	-	-	2	3
Male	-	-	-	-	-	6	7
Total Academic	-	-	-	-	-	8	10

TABLE 3(D).
(continued, Page 2)
NON-CLASP TRAINING
FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

Program: Centrally/Regionally Funded, Third Country Country of Origin: Peru

Type of Training	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Summary:							
Total Trainees	-	-	-	19	16	28	19
Academic							
Female	-	-	-	-	-	2	3
Male	-	-	-	-	-	6	7
Technical							
Female	-	-	-	6	3	9	6
Male	-	-	-	13	13	11	3
Long-Term							
Female	-	-	-	-	-	2	3
Male	-	-	-	-	-	6	7
Short-Term							
Female	-	-	-	6	3	9	6
Male	-	-	-	13	13	11	3
HBCU Placements	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Country (recipient)	Method *	1990 CPT Estimate Cost	1990 CPT Estimate Quantity	Option 1 Quantity	Option 1 Cost	Option 2 Quantity	Option 2 Cost
CONTINGENCY							
	Condom	$1,000,000	20,408,163	20,408,163	$1,000,000	20,408,163	$1,000,000
	IUD	$500,000	472,144	472,144	$500,000	472,144	$500,000
	Orals	$500,000	3,311,258	3,311,258	$500,000	3,311,258	$500,000
	Tablets	$0			$0		$0
	Total	$2,000,000			$2,000,000		$2,000,000
GRAND TOTAL							
	Condom	$13,132,173	246,896,638	135,032,163	$6,166,739	101,852,163	$4,542,298
	IUD	$4,299,277	5,030,746	2,594,996	$2,531,365	2,518,248	$2,371,262
	Orals	$6,120,301	47,917,522	36,297,254	$4,923,667	29,832,434	$4,061,728
	Tablets	$1,870,898	20,297,114	0	$0	0	$0
	Warehouse	$300,000			$300,000		$0
	TOTAL	$25,652,649			$13,621,770		$10,975,288

* Excludes all spermicidal condoms, which are assumed to be funded out of the AIDS account.
Also assumes that S&T/POP will no longer use its funds to purchase vaginal foaming tablets.

BEST AVAILABLE