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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523

PERU

PROJECT PAPER

NARCOTICS EDUCATION & COMMUNITY INITIATIVES

AID/LAC/P-755

PROJECT NUMBER: 527-0347

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT  
PROJECT DATA SHEET

1. TRANSACTION CODE  
 A = Add  
 C = Change  
 D = Delete

Amendment Number \_\_\_\_\_

DOCUME CODE 3

2. COUNTRY/ENTITY  
PERU

3. PROJECT NUMBER  
527-0347

4. BUREAU/OFFICE  
LAC

5. PROJECT TITLE (maximum 40 characters)  
Narcotics Education & Community Initiati

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)  
MM DD YY  
09 30 97

7. ESTIMATED DATE OF OBLIGATION  
(Under 'B.' below, enter 1, 2, 3, or 4)  
A. Initial FY 92 B. Quarter 4 C. Final FY 95

B. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY 92			LIFE OF PROJECT		
	B. FX	C. I/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	693	3,107	3,800	2,000	6,800	8,800
(Grant)	( 693 )	( 3,107 )	( 3,800 )	( 2,000 )	( 6,800 )	( 8,800 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1.						
Other U.S. 2.						
Host Country Other Donor		550	550	400	2,700	3,100
Other Donor(s)						
TOTALS	693	3,657	4,350	2,400	9,500	11,900

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. ACTIVITY CODE	C. ACTIVITY CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	EDPE					8,500		8,500	
(2) PSEE	EDEC					300		300	
(3)									
(4)									
TOTALS						8,800		8,800	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY ACTIVITY DICE, DIGS

12. SPECIAL INTEREST CODES (maximum 7 codes of 4 positions each)

A. Code	NAR	PVL	CIT	WID	TPV	RDC
B. Amount	7,480	5,500	3,740	4,048	1,760	572

13. PROJECT PURPOSE (maximum 480 characters)

Stimulate a national awareness leading to activities that counteract drug production, trafficking and consumption.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
 08 94 08 96 08 97

15. SOURCE/ORIGIN OF GOODS AND SERVICES  
 000  941  Local  Other (Specify) Pe

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 109 page PP Amendment)

Mission Controller has reviewed and concurs with the methods of implementation and financing included herein.

Signature  
 Israel Negrón, Acting Contró

17. APPROVED BY  
 Signature: Craig G. Buck  
 Title: Director

Date Signed: 09/29/92

18. DATE DOCUMENT R IN AID/W, OR FOR AMENDMENTS, DATE OF DIST

## Project Authorization

Name of Country: Peru

Name of Project: Narcotics Education and  
Community Initiatives

Number of Project: 527-0347

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Narcotics Education and Community Initiatives Project (the "Project") for Peru involving planned obligations of not to exceed Eight Million Eight Hundred Thousand United States Dollars (\$8,800,000) in grant funds ("Grant") over a four (4) year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process to help finance foreign exchange and local currency costs for the Project. The planned life of the Project is 60 months from the date of initial obligation.

2. The Project consists of: (i) the consolidation of the private and non-profit Peruvian Drug Education and Information Center (CEDRO), as an authority in drug research and information dissemination, and the building of support for the Government of Peru to promote more effective democratic actions at all levels in the fight against drugs, (ii) assistance to the education sector to expand the recently-developed drug prevention curriculum in high schools nationwide, and (iii) support to local communities, mainly in populations close to coca-growing areas, to develop their own self-designed drug prevention activities.

3. The Cooperative Agreement, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

a. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the Grant shall have their source and origin in Peru (pursuant to the Local Procurement guidelines found in HB 1B, Chapter 18) or in the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services financed under the Grant shall have Peru (pursuant to the Local Procurement guidelines found in HB 1B, Chapter 18) or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Grant shall be financed only on flag vessels of the United States, except as A.I.D. may otherwise agree in writing.



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Craig G. Buck  
Mission Director  
USAID/Peru

9/29/92

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Date

Clearances:

HR/DDD:EHouston (ID)

HR:SNorton 

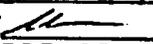
A/OER:ADavis (ID)

PDP:EKerst (ID)

EXO:LFoley (ID)

A/CONT:INegrón 

RLA:JBorns By fax 9/25/92

A/DD:PKramer 

Drafted by: DDD:ALarrabure 

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**PROJECT PAPER**

**NARCOTICS EDUCATION AND COMMUNITY INITIATIVES  
Project No. 527-0303**

**LIST OF ACRONYMS**

<b>CEDRO</b>	<b>Center for Education and Information on Drug Abuse</b>
<b>DEPA</b>	<b>Drug Education and Public Awareness Project</b>
<b>GNP</b>	<b>Gross National Product</b>
<b>GOP</b>	<b>Government of Peru</b>
<b>GTZ</b>	<b>Deutsche Gesellschaft Fur Technische Zusammenarbeit GmbH (German Agency for Technical Cooperation)</b>
<b>INS</b>	<b>National Institute for Mental Health</b>
<b>LOP</b>	<b>Life of Project</b>
<b>MIS</b>	<b>Management Information System</b>
<b>MOE</b>	<b>Ministry of Education</b>
<b>MOH</b>	<b>Ministry of Health</b>
<b>NAS</b>	<b>Narcotics Affairs Section of the International Narcotics Matters (INM) of the U.S. Department of State</b>
<b>NECI</b>	<b>Narcotics Education and Community Initiatives Project</b>
<b>NGO</b>	<b>Non-governmental Organizations</b>
<b>NIDA</b>	<b>National Institute on Drug Abuse</b>
<b>PACD</b>	<b>Project Assistance Completion Date</b>
<b>PBC</b>	<b>Basic cocaine paste</b>
<b>TRD</b>	<b>Tropical Research Development</b>
<b>UHV</b>	<b>Upper Huallaga Valley</b>
<b>UNDP</b>	<b>United Nations Development Program</b>
<b>USIS</b>	<b>United States Information Service</b>

## I. SUMMARY AND RECOMMENDATION

### A. Summary

Coca production, trafficking and use create serious problems the Peruvians, giving rise to crime, corruption and violence. Although in the past years the USAID-financed Drug Education and Public Awareness (DEPA) Project has been successfully increasing public awareness of the adverse effects of drugs, Peru continues to be the leading producer of coca leaf in the world. Public pressure on the Government of Peru (GOP) to take radical counternarcotics measures needs to increase.

It is essential that a non-partisan Peruvian institution develop and continuously disseminate accurate drug-related information that the general public can assimilate, and which will lead citizens to react against the drug problem. The dissemination of this information plus the national expansion of the drug prevention program in high school curricula, and other drug prevention activities like the locally-designed prevention programs, will create a climate which will facilitate the actions that the GOP must take to eliminate coca cultivation.

To accelerate the impact of the drug prevention activities, it is very important that these be implemented mainly in high risk communities including those adjacent to coca-growing areas.

### B. Recommendation

It is recommended that a 5-year grant to CEDRO (Drug Education and Information Center of Peru) be approved in the amount of \$8,800,000 which will be incrementally funded over four fiscal years.

Under the DEPA Project (which terminates on September 30, 1992), CEDRO was established in May 1986 as a non-governmental and non-partisan agency. In the past six years CEDRO has recruited qualified professionals and has obtained the support of various social segments, including a wide range of representatives from all political positions, to challenge the problem of drugs in Peru.

CEDRO has developed into a highly respected, independent institution that has: spearheaded efforts to publicize the dangers that drugs pose for Peruvian Society; gathered data on the extent of domestic drug abuse; and mobilized private sector contributions for rehabilitation activities. While CEDRO has only 14 professional employees, it carries out its work through a large number of volunteers, part time consultants and social promoters, along with a network of local organizations throughout the country.

CEDRO's efforts have been indispensable in establishing general agreement on the facts regarding the dimensions of Peru's drug production and consumption problem, in

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bringing about a dispassionate discussion of the implications of these facts, and in sensitizing Peruvians to the need to address the drug problem. When the first opinion survey of drug awareness was carried out in 1986, less than 1% of the public considered drugs to be Peru's main problem. This has increased to 25% today.

In addition, almost all Peruvians now rank drugs as one of Peru's three main problems (along with terrorism and the economic situation).

While CEDRO has been successful in raising public consciousness of the dangers that drugs represent to community health, further efforts are needed to document and publicize the threats that drugs have on the economy and democratic institutions. Also, more work is needed to encourage the public to hold government institutions accountable for furthering drug prevention and awareness efforts. Under this new grant to CEDRO, A.I.D. will be supporting these efforts.

## II. RATIONALE AND STRATEGY

### A. Rationale

Even though drug consumption is declining in the United States as a result of an intensive drug prevention strategy, the drug issue continues to be a topic of increasing importance. There is an increasing belief that a greater effort needs to be made by drug producing countries to bring illicit production under control. Peru, as the main producer of coca in the world, is a key target of such interest. The United States and Peru concluded a joint narcotics control agreement on May 14, 1991, which permits a comprehensive approach to Peru's drug production and trafficking problem. Economic, military and law enforcement resources are scheduled to be directed in an integrated program to restore security in coca-producing areas, to drive the price of coca down toward production costs and to stimulate the transition of coca growers into legitimate economic activities. However, continuing security concerns and corruption impede rapid progress. Peru has not given high priority to aggressively fighting narco trafficking through serious law enforcement. A reason for this is that although many people superficially recognize that drugs constitute one of the main problems affecting the country (most people reportedly believe it is a health problem alone), there is no full recognition of the overall problem of drugs or public pressure to do something about it. In order to save their democratic institutions and protect society, there is a need for the Peruvian people to fully understand the drug problem and to act on it. People must be convinced of the need to support the Government in its efforts to enforce law. To achieve this, it is necessary to have an institution that educates the people, providing them factual information on drug related matters. For this reason, the Mission has decided to support the Center for Education and Information on Drug Abuse (CEDRO) which in the past has been successfully increasing public awareness on the negative impact of

drugs on health and on the economy: From almost no knowledge of the problem in 1986 by 1992 to 71.5% of national opinion leaders surveyed mention the problem of drugs as one of the three main problems of Peru). The unfortunate political actions of April 5, 1992, in which the Peruvian Congress was dissolved, have contributed to the delay in economic assistance to the above mentioned activities.

#### B. Strategy

The National Education and Community Initiatives Project (NECI) is based on a strategy similar to the one designed for the Drug Education and Public Awareness (DEPA) Project which led to the foundation of CEDRO, a non-profit private sector organization that has been a leader in drug education and prevention in Peru. The activities carried out by CEDRO are based upon the principle that before a country is able to carry out significant actions to solve its drug problem, it must first develop a high level of awareness and public concern and a good understanding of the problem, and obtain public support for its efforts to face the problem. A better knowledge and understanding of the problem leads individuals and small groups to promote actions that will, in turn, build upon the public awareness created and lead to broader nationwide actions. One component of the approach is to establish a number of self-sustained long-term activities, such as the development of community work programs, and income generating activities aimed at preventing youngsters from securing income from illegal activities, particularly drugs.

In the case of Peru and its drug problems, and as a result of the A.I.D.- financed DEPA Project, there is currently a good level of awareness on the negative effects of drugs on human health, but little is known by the public of the drug trade's adverse effects on the country's economy, on its democratic institutions, on its ecology, etc. Chart 6 (refer to Annex P) shows the perception of the Peruvian urban population with regard to the effects of drugs. The NECI Project will analyze, determine and disseminate the important facts about all the negative effects of drugs country-wide. The NECI Project will increase CEDRO's focus on populations near coca-growing areas to awaken support to counteract coca production through an education process (i.e. adverse effects of deforestation, pouring of chemicals into the soil and streams, etc.) while alternative crops are simultaneously promoted. These actions will reorient the economy, so that foreign exchange earnings from coca can be substituted with non-traditional exports and efficient import substitution, thus achieving the long-term goal for economic assistance under the USG's Counternarcotics Initiative.

### III. PROJECT DESCRIPTION

#### A. Background

Drug production, trade, and consumption in Peru are parts of a whole whose impact is not only negative in itself, but poses serious threats to the existence of a democratic country. Peru is the world's top producer, followed by Bolivia, of coca leaf and coca paste. Coca cultivation takes place on two parallel tracks: the legal and the illegal. Legal production, regulated by the state-owned coca monopoly ENACO, covers around 19,000 hectares (this figure is similar to that of 1985). The coca leaves are sold to pharmaceutical laboratories for the preparation of anesthetics and to Peruvian farmers mainly in the Sierra region. The latter chew the coca leaves along with calcium oxide to increase their strength when working in their fields in order to increase their productivity. Other applications of coca leaf include the preparation of soft drinks and 'mate de coca' in which the coca leaf is poured into hot water to make a tea, helping digestion and stimulating blood circulation (very useful in high altitude regions).

Best estimates on the size of illegal coca plantations are around 120,000 hectares, mainly in the Upper Huallaga Valley (UHV) - (the figure submitted by the President to the U.S. Congress in 1991 regarding the International Narcotics Control Strategy was 120,800). The majority of Peru's illegally cultivated coca leaf is only partially refined in Peru. Most of it is converted to basic cocaine paste (PBC) in domestic, clandestine facilities, then smuggled out of the country (mainly to Colombia), where it is turned into cocaine hydrochloride and then smuggled into the United States and other major purchasing countries. The 120,000 hectares of coca plantation will yield 216,000 tons of dry coca leaf per year from which 751 tons of PBC or 653 tons of cocaine hydrochloride can be obtained. Considering that Peru 'exports' most of its illegal, washed PBC production, the amount of resources that flow into the coca growing areas as a consequence of this 'exportation' could be around \$526 million (Washed PBC is sold in the growing areas at an average price of \$700 per kilogram). Recent information on cocaine prices per kilogram in other parts of the world follows:

Tingo Maria(UHV)-Peru	\$2,000
Lima-Peru	5,000
Miami-U.S.A.	13,500-28,000
New York-U.S.A.	30,000
Europe	38,000-79,000
Tokyo	84,000

In terms of consumption, however, there has been an increase despite the preventive actions CEDRO and its network of institutions have carried out. This increase is particularly evident in the productive areas, as well as in the narcotrafficking routes. In both cases, the percentages of the population (between

12 and 50 years old) that are drug users have reached levels similar to those registered in Lima: PBC 6.3%, cocaine 2.3% (See Annex P, Chart No. 7). Charts 5a and 5b of the same Annex show drug prevalence (used drugs at least once) in 1988 and 1991. An increase of 26% is shown for PBC use, while in the case of cocaine such increase is less than 10%.

One of the adverse effects of the illicit coca cultivation and its further transformation into PBC is its almost irreparable damage to the environment. As described by Tropical Research and Development, Inc. (TRD) in its draft Project Paper developed for the USAID/Peru Selva Economic Revitalization Project, deforestation is the most visible negative effect of coca cultivation. Several Peruvian agronomists estimate that since the coca boom began in the early 1970s, its production has directly or indirectly caused the deforestation of 700,000 hectares of Amazon jungle (Marc J. Dourojeanni, Universidad Nacional Agraria-Lima/Peru). The difference between this figure and the 120,000 hectares reported as currently under coca cultivation is that coca growers prefer recently deforested areas and, once their land is exhausted or the police begin to operate in their area, many growers pick up and move. Another affront to ecology is the poisoning of the ecosystems. TRD concludes that as much as 400 million liters of poisonous waste, including kerosene, sulfuric acid, hydrochloride acid, ammonia, permanganate, and toluene are dumped annually into Peru's rivers, destroying plants and animals, adversely affecting the food chain, and increasing risk to humans who consume water and plant and animal products.

Coca production and coca-based drug trafficking and use are creating serious problems for the Peruvian population, giving rise to crime, corruption and violence. Violence has manifested itself through threats to farmers unwilling to cooperate with traffickers and political terrorism.

Illegal activities have established a regional economy in the UHV, generating inflation, reducing the value of the U.S. dollar versus the sol, and consequently delaying economic recovery by discouraging legal exports, blocking the efforts made to modernize agriculture and diverting an important part of the GNP obtained to the purchase of luxury goods and to capital flight. Currently it can be estimated that nearly 800,000 persons in Peru benefit from the coca industry, both as direct participants or as dependents. That is to say that there is a very large number of persons that carry out illegal activities that are harmful to society, and which contribute to social instability caused by narcotraffickers and terrorist movements, thus creating a climate of economic and political instability that undermines the efficient management of a democratic society.

#### B. Project Goal and Purpose

The NECI Project represents an additional USG response in helping the GOP strengthen its commitment to reduce coca production

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and, thereby, eventually achieve a reduction in the distribution of its derivative, cocaine, in the U.S.

The goal of the Project, which coincides with one of Mission's strategic objectives, is to replace coca-based employment and foreign exchange earnings with legal alternatives. Although the Project will contribute to the Mission's effort to meet this broad objective, the Project has identified a specific intermediate sub-goal which is to establish a sustainable and aggressive Peruvian Government and private sector action plan to counteract drug production, trafficking and abuse. The purpose of the Project is to stimulate awareness leading to activities that counteract drug production, trafficking and abuse.

The Project's purpose complements A.I.D.'s and other U.S. agencies' struggle against the drug problem, under the shared belief that information and education, designed to raise citizens' awareness, will contribute to the solution of the problem.

The Project's purpose will be achieved through the continued dissemination by CEDRO of accurate and timely information on drug-related matters, tailored to reach all levels of intellect, not only for informational purposes, but also to awaken Peruvians to the urgent need to face the drug problem and encourage the GOP to take definitive actions to eradicate illicit coca. The NECI Project will focus on the following areas:

1. Dissemination of timely and accurate information to the Peruvian population in order to increase and maintain its awareness regarding the negative effects of drug production, trafficking and consumption.
2. Assistance to the education sector to expand nationwide the recently-developed drug prevention curriculum in high schools, with special emphasis in cities of the UHV.
3. Assistance to local community organizations, mainly in populations close to coca-growing areas, to develop their own self-conceived drug prevention activities.

#### C. End-of-Project Status (EOPS)

##### 1. Purpose Indicators

The Project will produce a number of results that will indicate achievement of the project purpose. One measurement will be a strong public response that provokes anti-drug newspaper editorials, publications, radio announcements, television presentations and conferences. Another will be an increase in the number of community level-conceived and-implemented programs.

Conditions set forth in the Logical Framework (see Annex A) that will indicate that the project's purpose has been achieved:

- a. Newspaper editorials per month:  
1993: 4; 1994: 6; 1995: 8; 1996: 10; 1997: 12.
- b. Non-CEDRO publications per month:  
1993: 3; 1994: 6; 1995: 8; 1996: 9; 1997: 10.
- c. Non-CEDRO TV/radio presentations per week:  
1993: 2; 1994: 4; 1995: 6; 1996: 8; 1997: 10.
- d. Non-CEDRO conferences organized per year:  
1993: 1; 1994: 2; 1995: 3; 1996: 4; 1997: 5.
- e. University activities organized per year:  
1993: 6; 1994: 7; 1995: 8; 1996: 9; 1997: 10.
- f. Public Sector activities per year:

<u>Year</u>	<u>Health</u>	<u>Education</u>	<u>Other</u>	<u>Total</u>
1993	5	5	1	11
1994	6	6	1	13
1995	7	7	1	15
1996	9	9	2	20
1997	10	10	3	23

- g. Statements from opinion leaders per year:

<u>Year</u>	<u>Public</u>	<u>Civil</u>	<u>Religious</u>	<u>Total</u>
1993	2	2	2	6
1994	3	3	3	9
1995	4	4	4	12
1996	6	6	6	18
1997	8	8	8	24

- h. Community level-conceived and -implemented drug prevention activities per year:

- |                |               |
|----------------|---------------|
| 1) 30 in 1993  | 2) 40 in 1994 |
| 3) 60 in 1995  | 4) 80 in 1996 |
| 5) 100 in 1997 |               |

- i. A yearly increase in the percentage of the population which recognizes drug-related activities as a major national problem that needs to be corrected immediately.

- |                |                |
|----------------|----------------|
| 1) 30% in 1993 | 2) 40% in 1994 |
| 3) 50% in 1995 | 4) 60% in 1996 |
| 5) 75% in 1997 |                |

These indicators are based on assumptions about Peruvian public interest, willingness and ability to invest in anti-drug activities which must be tested throughout Project life, and modifications made in indicators as necessary.

## 2. Output Indicators

The Project's design calls for two types of outputs, those related to CEDRO's program activities and those related to CEDRO's fund raising campaign:

### a. Program Outputs

1. CEDRO will demonstrate its ability to provide quality services to both the public and private sectors, and influence opinion leaders. This will be measured by the following indicators:

(a) the number of formal requests for CEDRO's services, and

(b) both public and private sector participation in CEDRO's activities and periodic assessments of the quality of CEDRO's services.

### 2. Drug Prevention curricula extended to high schools:

<u>Year</u>	<u>Public</u>	<u>Private</u>	<u>Total</u>
1993	200	50	250
1994	300	100	400
1995	500	150	650
1996	1,000	200	1,200
1997	<u>1,500</u>	<u>300</u>	<u>1,800</u>
Total	<u>3,500</u>	<u>800</u>	<u>4,300</u>

### 3. Surveys conducted:

Public opinion - yearly  
 Epidemiological - three: 1993-1995-1997  
 Opinion leaders - three: 1993-1995-1997  
 Youth attitudes - two: 1994-1996

4. Implement a yearly radio and television campaign with an average of 500 spots per year.

5. Organize monthly conferences and biannual studies.

6. Prepare monthly reports and publications.
7. Support 100 new and existing community-based institutions each year to implement key drug-prevention activities.
8. Maintain the existing five street children drug-prevention centers as models for the nation.

b. Fund Raising Outputs (U.S. dollars):

1. Non-A.I.D. funds raised for programs:

1993: 100,000	1994: 100,000
1995: 200,000	1996: 200,000
1997: 300,000	

2. Non-A.I.D. funds raised for Street Children Program:

1993: 80,000	1994: 80,000
1995: 80,000	1996: 80,000
1997: 80,000	

CEDRO's ability to raise funds is dependent, not only on its own efforts and reputation (willingness of individuals and groups to contribute towards its work), but also on factors outside of its control, such as the state of the national economy exchange rates variations and, possibly, Peruvian tax law (existence of incentives to charitable contributions). CEDRO's progress in fund-raising will be reviewed regularly during Project life.

D. Project Components

The Project proposes to meet its objectives through four interrelated components. The primary focus of the Project will be to stimulate nationwide awareness of the country drug-related problems, which will lead to activities that counteract drug production, trafficking and abuse. CEDRO will disseminate accurate information to awaken Peruvians to face counternarcotics actions to eradicate coca. To achieve the Project's objectives it is necessary to strengthen CEDRO as a country-wide renowned private, non-partisan, financially self-sustainable drug information and education center which, after the PACD, should continue to be the primary national authority in promoting drug awareness and in developing and promoting drug prevention campaigns in Peru. A secondary focus will be three-fold: the expansion of the recently-developed drug prevention curriculum in high schools, the development of locally-designed prevention programs in high risk communities including those adjacent to coca-growing areas, and the consolidation of the Street Children Program.

1. CEDRO

The consolidation and recognition of CEDRO as the preminent drug education and information center will be attained through the implementation of the following sub-components:

a. Information

i. Dissemination

The dissemination of information activity will be based on the most recent national and international studies, on the systematization of the experience acquired in the fight against drugs, and on short-, medium- and long-term activities tailored to the characteristics of the different age groups within targeted populations, with the support of an information center equipped with the latest data on drug use, as well as with audiovisual and printed materials. CEDRO's challenge under this activity will be to assure that as a result of its role as the permanent conscience of the public about drug-related problems, the media will start developing anti-drug campaigns and/or seeking GOP actions to counteract narcotics. CEDRO's success will be demonstrated by an increase 1) in the percentage of the population which recognizes drug-related activities as a major national problem that needs to be corrected immediately (this percentage will rise from 27% in 1992 to a 75% in 1997), 2) in the number of newspapers editorials published (from almost none in 1992 up to 12 editorials per month in 1997), and 3) in the number of non-CEDRO publications (from around 2 in 1992 up to 10 per month in 1997) on the topic, which are among other indicators shown in the Logical Framework (refer to Annex A).

A significant part of CEDRO's success in increasing drug awareness is due to the repetitious transmission of its anti-drug messages through various forms of print and broadcast media. The Project will continue to disseminate its messages and tailor them to reach a wider audience by translating them into other local languages.

To attain a sense of "ownership" within the community, it is vital that members of the target populations participate in the development of television and radio spots, videos, and radio programs, including participation in writing the scripts. These materials will then be tested by another group within the same target population or by focus groups with the same characteristics. CEDRO personnel will be in charge of developing the programs and conducting the final testing of materials together with members of the target populations. Advertising agencies will participate in the production and post-production, as necessary, by adapting and modifying their work according to the results of the tests conducted with the target population.

The spots, videos and programs will meet medium- and long-term goals. CEDRO will maintain yearly radio/TV

campaigns with an average of 500 spots exhibited per year. Articles appearing in social communications media will follow the same pattern. In addition to the articles or publications written by CEDRO personnel, contests will be promoted among journalists to establish, maintain and increase their interest in drug-related issues.

CEDRO's Information Center, through its books, newspapers and other publications, film and video library, as well as through its Data Bank, will continue to provide updated information on drugs and will offer to the community information on health, economics, history, politics, interdiction and sociology issues, including pharmacology, psychiatry, psychology and education. Through its linkage with international networks of information and the use of its ROM Compact Disk (CD), CEDRO will support the information needs of other institutions by providing drug prevention information to any interested individual or group.

A new activity that CEDRO will develop under this component is to gather data on the level of economic resources used by the Peruvian Government in its struggle against the drug problem in general, and make this information available to the public on a quarterly basis.

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CEDRO will contribute to the strengthening of democracy and national peace, and to the increase of drug awareness, through sponsoring events which include gathering national and/or foreign experts and opinion leaders. Represented either through its members or by persons assigned by the institution, CEDRO may choose to participate either as a speaker, conductor, provider, etc. in any of these events that may be of interest to the institution. Members of CEDRO as well as other qualified persons will participate in national and international events like workshops, conferences, etc. to increase their understanding of the overall framework of drug-related issues. When implementing the DEPA Project, CEDRO fulfilled its objective of providing leaders a more realistic image of the problem. This is proven by the increased awareness of these leaders of the consequences of narcotics trafficking and production on Peruvian society - the percentage of national opinion leaders mentioning the problem of drugs as one of the three main problems in the country rose from a level of 32% in 1987 up to 71.5% in 1992. However, new GOP officials, politicians and businessmen have taken office, therefore, the work with opinion leaders and decision makers must continue in order to foster the design of effective policies to solve the drug problem.

#### ii. Institutional network

CEDRO's national network, which currently encompasses 1,985 institutions, will grow with the incorporation of new civic organizations, parent associations, community groups and educational centers. In the next phase CEDRO will distill the list of institutions to provide its assistance to only those that in the past have been more successful implementing drug prevention activities. A major focus will be the consolidation of community groups in high risk areas, especially in populations close to coca-growing areas, where the Project intends to emphasize its community drug prevention program. The bulletins and magazines published periodically, which document activities carried out by these institutions, will help institutional cohesion within the network and will encourage them in their fight against drugs. On the international front, the Project will expand the action of the CEDRO Latin American network, currently comprised of 210 institutions. Main activities to be developed will be the promotion of a common Latin American policy against drug consumption, production and trafficking, and the strengthening and promotion of membership in Andean counter narcotics-related institutions into the Andean Corporation for which CEDRO is the Executive Secretariat. The Andean Corporation is an association working in drug prevention activities in the Andean Region with the purpose of exchanging experience and knowledge about drug-related activities.

Other complementary activities under this sub-component will be the creation of a data base with complete and updated information on all the non-governmental development agencies interested in or involved with drug-related issues. Data

will be provided through the existing network, the periodic publishing of a sub-regional bulletin to keep NGO's and government institutions informed on their peers' activities, and the generation of common and/or comparative research studies among Andean countries.

**b. Educational Activities**

Under this component CEDRO will continue, as done under the DEPA Project, with the provision of educational material to schools, universities, enterprises, prisoners and community groups in general. Educational packages at cost prices will be offered to these institutions/groups. These packages will be adapted to the socio-cultural and age characteristics of each target population. Prior to their use and dissemination, however, the educational material will be carefully reviewed for content and effectiveness.

In order to contribute to the achievement of these objectives, this activity will be organized by work areas. Priority will be given to the areas at high risk, and a promoter will be assigned to each territory.

**c. Research**

CEDRO's staff has conducted major studies, such as the two nationwide epidemiological studies on drug abuse (conducted in Peru for the first time) and three public opinion studies, and several contracted to third parties (under CEDRO supervision) which utilize biomedical and social approaches. Events have been promoted and grants awarded (over 30 research studies have been financed and/or sponsored). CEDRO publishes the results of its research activities once these have been reviewed and discussed with specialists.

Under the NECI Project, these activities will continue: public opinion surveys will be conducted yearly, three epidemiological studies, three opinion leaders surveys and two youth attitudes surveys will be carried out. In addition, anthropological research will also be conducted. This type of research requires in-depth interviews and participant observation as opposed to surveys. It will help obtain information on the social profile of populations in coca-growing areas, which will be very useful in the design of alternative development strategies and to improve decision makers' understanding of the current relationships between drug availability and consumption, and drug availability and violence. With similar purpose, social, economic and opinion studies will also be promoted and utilized. The latter will provide valuable information on what the peasants of coca growing areas think regarding the coca problem, GOP policies, alternative development expectations, etc.

d. Training and Technical Assistance

During the five years of the DEPA Project, CEDRO was able to provide important material and technical assistance on drug prevention to a variety of public and private institutions. As of June 1992, CEDRO has offered 4,766 courses and conferences, of which 112 were carried out in their headquarters, resulting in a total of 464,738 persons educated on different aspects of drugs. Obviously, new officials and decision makers have appeared on the scene who require consciousness-raising on drug-related issues. Consequently, CEDRO expects that by the PACD around 1,000,000 Peruvians will have benefitted from its training programs.

For the educational task to be successful under the NECI Project, it will be necessary to train new CEDRO promoters periodically on the overall management of drug-related issues and on specific educational methodologies. After having completed their training, these promoters will be capable of training others. Refresher training also will be necessary for these promoters and for the institutions requiring it.

e. Special Programs and Support to other Institutions

The Project aims to support (along with other donors) some of the special programs that CEDRO has successfully tested and used in the last five years which combine educational technology with social and clinical psychology to identify young people within the at-risk population. These special programs have resulted in ongoing programs that also are being disseminated during international events. Such is the case with teenage leaders who receive formal training to become counsellors or advisors in conflict resolution. Another case is the "Hotline", a service for drug abusers and their families, that handles telephone inquiries, offers one-on-one counselling, and provides access to treatment facilities. The street children's program, which provides homeless children with free lodging and food in five locations in the Lima metropolitan area is discussed in a separate Project component. The implementation of these special pilot programs will be focused on age groups and population segments at high risk, or on those that have been affected and can be rehabilitated to a healthy and socially acceptable life style.

Besides the assistance to the education sector previously mentioned, the Project will be flexible enough to consider financing limited assistance to the Ministry of Health or other institutions or groups in the future, if a well justified proposal is submitted for an activity related to the Project's objectives and which provides evidence of the organization's ability to effectively carry out the activity. The Project will also collaborate with other sectors supported by the USAID/Lima program.

The Project considers a significant part of its objective to be the support of actions of institutions such as UNDP, AID, USIS, NAS, NIDA, and GTZ, as well as those of other governments, particularly of the Andean Region. CEDRO will continue supporting USIS in the dissemination of news, the organization of events with journalists and opinion leaders, the distribution of materials, and support to international events.

f. CEDRO's Administration

In order to carry out the above mentioned activities, in this second stage of USAID's assistance CEDRO will maintain the same number of qualified professionals (14) working as permanent staff and in addition to this small group, an average of approximately 130 person/months will be contracted during the first half of the Project's life to perform specific tasks, such as design, promotion, training, etc., as required by each one of the different areas in which CEDRO operates its drug prevention program. Annex P Chart No. 1 lists the names of some of the distinguished people working under each modality.

CEDRO has a Board of Directors which meets at least every 2 weeks to discuss major issues, modifications of their strategy, as well as other administrative matters. The Center's headquarters is located in Miraflores, Lima. Although its program is nationwide, branch offices will not be opened as CEDRO will use existing organizations within its institutional network with outreach capacity in the target areas.

As explained before, while CEDRO will be supported during the LOP by the A.I.D. grant funds, the Board and the Executive Director will develop in the first six months a realistic plan, with targets and benchmarks, to reach its financial self-sustainability. CEDRO aims to raise an endowment fund of \$850,000 dollars by the end of the Project, whose revenues plus other contributions shall be enough to cover at least the institution's administrative costs.

If CEDRO is unable to obtain sufficient donations due to worsening economic conditions in Peru in the next five years, CEDRO may need to reduce its administrative staff by 50%. With this reduction in size, CEDRO would still be capable of operating its communication, mass media, T.A. training and street children activities. However, other activities such as research, community support, support for the administration of justice, etc., may have to be financed by other donors, scaled down or terminated. The progress attained in the implementation of this plan as outlined by the Project's performance indicators will be monitored very closely by the Mission. Every evaluation performed under the Project will also address this issue.

Another major task in which CEDRO'S administration will be involved is in the design and implementation of a system to identify and calculate the proportion of indirect

costs that CEDRO should apply to each one of the programs that it will carry out. Even though the A.I.D. grant will support 100% of CEDRO's administrative costs, it is vital that CEDRO require that any other in-country donors finance a proportion of core costs required for CEDRO to implement the respective program/activity in which the other donors have an interest.

## 2. Prevention Program in Schools

In addition to its current program of disseminating drug-related information among Peruvian students and promoting healthy and positive social behavior, the Project will continue to support the MOE's effort to expand the recently developed Drug Prevention Program nationwide. Its inclusion in high school curricula has already been approved by the GOP, training materials for teachers and education specialists printed, pretested, and it has been implemented in 114 schools (target of the DEPA Project). The target for 1997 is that the drug prevention program be installed in no less than 1,800 high schools (chart 4 of Annex P details the number of high school existing in Peru), with emphasis in the schools located in areas in the upper and central Huallaga valleys like Tarapoto, Bellavista, Uchiza, Tocache, Picota and Tingo Maria, where the Mission has special interest to promote alternative development in lieu of coca growing. To develop this activity it is anticipated that CEDRO will execute a core agreement with the Ministry of Education by which the Ministry will authorize CEDRO to implement the expansion of the drug prevention program nationwide, while providing to CEDRO the educational and training materials developed under the DEPA grant. If the Mission considers it appropriate, CEDRO could pass the financial resources to the Ministry of Education to implement the activity, as it was done under the DEPA Project, while CEDRO could act on behalf of the Mission in the monitoring and overseeing the implementation process. Pending the receipt of donations from third-country or other in-country donors, CEDRO is planning to coordinate with the MOE and the Assembly of Peruvian Universities to design a drug prevention program for elementary schools and universities similar to the high school program.

Also, educational packages will be offered at cost prices to schools, enterprises and community groups. These packages will be adapted to the socio-cultural and age characteristics of each target population. Prior to their use and dissemination, the educational material will be carefully reviewed for content and effectiveness. In order to contribute to the achievement of these objectives, this activity will be organized by work areas. Priority will be given to the areas at high risk, and a promoter will be assigned to each territory.

## 3. Community Support

The Project intends to expand a very important aspect of work that CEDRO carried out under the DEPA Project with selected high risk communities in slum areas of Lima. By providing

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technical assistance and relatively small amounts of seed money to these populations, the communities have been able to design and carry out their own prevention programs. Such programs were in some cases recreational and cultural, but most of them have been oriented toward the formation of small businesses such as bakeries, sewing shops, and bookstores. As of today, most of these activities continue to be financially self-sustainable.

Using the same strategy of community-designed prevention programs, the Project now will consider implementing this component mainly in populations in or adjacent to coca-growing areas. CEDRO, working directly or through established civic organizations or, in some cases, through the local municipalities involved in CEDRO's institutional network, will attract the youth of these communities to spend their time in productive activities. This will not be limited to the small business activities mentioned before, but the Project will also support campaigns to create environmental awareness on the dangers of deforestation, dumping of chemicals and other industrial waste (not only for those used in the drug production) into the soil and river system, and on the health risks associated with the processing of drugs. In this sense, CEDRO will coordinate very closely with the current A.I.D.-financed Upper Huallaga Development Project and with its successor, the Selva Economic Revitalization Project, to assess and prioritize the needs of each population. Areas of main interest for these two projects where CEDRO will concentrate its efforts will be the valleys of Ponaza and Biabo, located in the Provinces of Picota and Bellavista in the Department of San Martin, where coca plantations are still incipient and in which the U.S. intends to support integrated development. Other provinces to work with will be Juanjui, Tocache and Mariscal Caceres in the Department of San Martin, Leoncio Prado in the Department of Huanuco, and Aguaytia in the Department of Ucayali.

In general, community support will be divided into three stages:

- o identification of target groups and diagnosis;
- o analysis of needs; and
- o financing, training, implementation and follow up.

Based on the experience obtained under the DEPA Project, the Project expects to support not less than 100 community-based institutions per year to implement key drug-prevention activities.

#### 4. Street Children Program

The NECI Project, with funding provided by the U.S. Congress' Disabled Children Program, intends to consolidate the Street Children Program in Lima, which CEDRO has been promoting and supervising since September of 1989. At present, CEDRO runs 5 houses with an average population of 32 children per facility. The

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definition of individuals falling under the "Street Children" category is as follows: male/female individuals, under 18 years of age (average age is 12 years), living on their own means in the streets, with none or very little contact with their families. Close to 100% of the male street children are daily drug abusers, usually through glue-sniffing, though 20% are addicted to coca paste. Girls' drug abuse is occasional and affects 40% of this population. 100% of the male population earns a living on the basis of individual or collective theft. Most of the kids are in poor health. Tuberculosis and skin and venereal diseases are the most common problems. In April 1991, two male children tested positive to AIDS. The CEDRO facilities provide shelter, food, clothing, medical and psychological attention, drug rehabilitation and social re-education, petty crafts training, support of attendance to public schools, professional training (the program runs carpentry, cloth-printing, broom-making, car-repair, ceramic, sewing and knitting workshops). Residence for the children in the houses is transitory: the program runs in each house a family reinsertion program which works closely with each child and his family and/or the community in order to make a "come-back to home" possible.

The NECI Project intends to consolidate and extend the current work be carried out allowing the Street Children Program to become a prevention, training and more extended attention network, operating directly in all the 5 target areas (concentration of street children where CEDRO has its facilities). This intention will be achieved through the implementation of the following activities:

- a. A child mistreatment and runaway prevention system at the community level.
- b. Reinforcement and extension of the reinsertion to the family sub-program.
- c. Training of personnel and assistance for the reorganization of other public and private street children-care facilities.
- d. Support of the professional training workshops of the Street Children Program.
- e. Extension of the Street Children Program's current attention capacity.
- f. A computer unified data bank of children in high risk areas in Lima.
- g. Support to the extension of a protected commerce and employment system for 230 street and working children, as well as to the progressive self-financing of the Street Children Program on the basis of locally-generated income.

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h. Reinforcement of the decentralized network's logistic operations.

#### 5. Technical Assistance

From the beginning of the Project's implementation, technical assistance will be provided to CEDRO to help this institution develop a strategy for attaining financial self-sustainability and to set up a system to identify and properly calculate the proportion of indirect costs that CEDRO should apply to each program. CEDRO will directly contract an expert in fund raising for approximately a two-week period to explore possibilities for other donors' participation and to train CEDRO's management in fund raising techniques (this does not mean that the Project will finance the contract of a permanent fund raiser). The other TA contract for the determination of reasonable proportion of indirect costs that CEDRO should charge to third party donors will also be executed locally. This assistance will be provided in a 6-week period, after which CEDRO will have solid arguments to discuss how third party donors should share the overhead cost of CEDRO's programs. The cost for this TA has been estimated at \$100,000.

As a result of the above mentioned activities, the following levels of the NECI Project outputs are expected by the NECI Project's PACD:

1. CEDRO's endowment fund will increase from \$150,000 to \$850,000. Non-A.I.D. funds for programs will increase from the current level of \$100,000 per year to \$200,000 per year. In addition to this amount, CEDRO will raise \$80,000 per year for the Street Children Program.

2. The number of high schools with drug prevention curricula will rise from 100 to 1,800.

3. The number of community-based institutions implementing drug-prevention activities will increase from 18 to 100 per year.

4. The number of people educated by CEDRO on drug prevention, (through courses and conferences) will increase from approximately 480,000 to 1,000,000.

5. The number of institutions integrated in CEDRO's network and benefitting from CEDRO's drug information during program life (NEPA and NECI) will increase from 1,985 to around 2,500.

#### IV. COST ESTIMATES AND FINANCIAL PLAN

##### A. Project Financial Plan

The financial plan is presented in a format that shows the proposed allocation of funding to Program Costs and

Administrative Support Costs. The tables in Annex Q present a more detailed description of Program Costs. They show an amount estimated for contingencies. This amount has been allocated to detailed Program Costs based upon their relationship to Total Program Costs with the exception of the Street Children Program component. The Grant Agreement should contain the provision for 15 percent component line item flexibility between the following: Information and Education Center for Drug Abuse Prevention; Support to National Education; and, Community Support. The remainder of the components may be adjusted only, upon specific justification, by the Grant Officer. CEDRO will drop institutions from the network which prove to be inactive. Therefore, at PACD, there may be fewer than 2,500 institutions currently enrolled,.

Detailed financial plans, by component and by year of implementation, are presented also in Annex Q. The plans developed were based upon optimum implementation rates. These plans will be refined through annual implementation plans, approved by PII-like documents. To be able to provide the Grant management officer with meaningful monthly financial reports from the MACS, the financial management system will be based upon Handbook 3 concepts. Accordingly, the annual implementation plan approval by the Project Officer will serve to commit funding by components. The following Method of Implementation Matrix presents these components and will be the guide for the Controller for obligation and commitment documents.

The total cost of the five-year Narcotics Education and Community Initiatives Project will be \$ 11,900,000. A.I.D. will contribute \$8,800,000 and CEDRO, \$ 3,100,000 equivalent, from third-party and in-kind resources. The following tables present a summary and an annual flow of funds.

DRUG PUBLIC EDUCATION AND INFORMATION  
Table 4-1

SUMMARY FINANCIAL PLAN  
(US\$ 000)

<u>Component/Activity</u>	<u>A.I.D. Grant</u>	<u>Counterpart GOP and 3rd-Party Donors *</u>	<u>TOTAL</u>
<u>Program Costs</u>			
1. Information and Educ. Center for Drug Abuse Prevention	4660	1300	5960
2. Support to National Education	720	500	1220
3. Community Support	2020	500	2520
4. Street Children	<u>300</u>	<u>800</u>	<u>1100</u>
Total Program Costs	7700	3100	10800
<u>Administrative Support Costs</u>			
1. Operational Costs	800	---	800
2. Technical Assistance	100	---	100
3. Evaluations	100	---	100
4. Audits and Financial Reviews	<u>100</u>	<u>---</u>	<u>100</u>
Total Administrative Support Costs	<u>1100</u>	<u>---</u>	<u>1100</u>
Total Project Costs	<u>8800</u>	<u>3100</u>	<u>11900</u>

(\*) Includes in kind contributions such as free space in radio and TV.

B. Method of Implementation Matrix

The matrix is based upon programmatic and financial management needs. Accordingly, management data will follow Handbook 3 guidance and will be accounted for by components and activities rather than on a global basis as indicated in Handbook 13 guidance.

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Table 4-2  
METHOD OF IMPLEMENTATION BY TYPE OF ASSISTANCE AND  
FINANCING METHOD  
(US\$ 000)

<u>Inputs</u>	<u>Method of Implementation</u>	<u>Method of Financing</u>	<u>Estimated Amounts</u>
<u>Program Costs</u>			
1. Center's Program	PIL-like doc.	Periodic Advances/reimb.	4,660
2. National Education	PIL-like doc.	Periodic Advances/reimb.	720
3. Community Support	PIL-like doc.	Periodic Advances/reimb.	2,020
4. Street Children	PIL-like doc.	Periodic Advances/reimb.	300
<u>Support Costs</u>			
1. Operational Costs	PIL-like doc.	Periodic Advances/reimb.	800
2. Technical Assistance	PIL-like doc.	Periodic Advances/reimb.	100
3. Evaluation	PIL-like doc.	Periodic Advances/reimb.	100
4. Audits and Fin. reviews	PIL-like doc.	Periodic Advances/reimb.	100

C. Projected Obligations and Expenditures

The Grant will be incrementally funded over a period of four fiscal years. The projections of funding increments and planned disbursements rates are presented in the following table.

TABLE 4-3  
PROJECTED OBLIGATIONS AND EXPENDITURES OF PROJECT FUNDS  
BY FISCAL YEAR (FY) IN US\$ 000

U.S. Fiscal Year (Project year)	1992 --	1993 (FY 1)	1994 (FY 2)	1995 (FY 3)	1996 (FY 4)	1997 (FY 5)	Total
1. Beginning of Balance	--	3800	2800	1535	2300	1100	---
2. Obligations	3800	1500	1000	2500	--	--	8800
3. Expenditures	--	2500	2265	1735	1200	1100	8800
4. End of year	3800	2800	1535	2300	1100	--	---

D. Foreign Exchange and Local Currency Costs

TABLE 4-4  
SUMMARY OF TOTAL PROJECT COSTS BY FUNDING SOURCE AND FOREIGN  
EXCHANGE (FX) AND LOCAL CURRENCY COSTS (LC) in US\$ 000

<u>Funding Source</u>	<u>FX</u>	<u>₺</u>	<u>LC</u>	<u>₺</u>	<u>TOTAL</u>	<u>₺</u>
USAID	2000	83	6800	72	8800	74
GOP & Others	<u>400</u>	<u>17</u>	<u>2700</u>	<u>28</u>	<u>3100</u>	<u>26</u>
Totals	<u>2400</u>	<u>100</u>	<u>9500</u>	<u>100</u>	<u>11900</u>	<u>100</u>

This table is based upon current projections and market conditions. Foreign exchange costs in the majority reflect the dollarization of the Peruvian economy and not offshore procurement. For example, salaries and professional services are dollar based due to prevailing market conditions. This would be subject to change should the Government of Peru change its policy and reinstate foreign exchange controls.

E. Financial Analysis - Pre-Award Survey

No detailed financial analysis nor formal pre-award survey has been performed for this proposed grant.

The Mission Controller's Office, through its Program Accounting Branch and Financial Analysts, have been consistently reviewing the financial activities of the proposed grantee as they relate to the current grant with CEDRO. There was a RIG/A/T managed non-Federal Audit in 1990 and a Recipient Contracted Audit for the calendar year 1991. The auditors performed their examination in accordance with A.I.D. requirements and no material findings were presented. Both audits were unqualified and without specific recommendations. The minor internal control recommendations currently are being implemented by CEDRO. The

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Controller's Office performed a separate review of their requirements for PVO recertification. There were no deficiencies.

It is recommended, however, that CEDRO contract for the development of an accounting information system. Such a system will provide the level of sophistication required to develop reliable indirect cost data for overhead cost allocations to the grants and contractors they manage/hire. Even though they may not be reimbursed for indirect costs for some grants/contracts, CEDRO needs to know the costs of assuming additional activities. This USAID interest will be addressed in the Substantial Involvement Understandings Section.

#### F. Recurrent Costs Analysis

An analysis of the illustrative budget for A.I.D. grant funds shows that approximately 63 percent of the Project's total funds (\$8.8 million) will be used to finance ongoing activities which will continue beyond the 1997 PACD; only 37 percent will be used to finance non-recurring expenses. The major categories and amounts of such non-recurring expenses are:

<u>Category</u>	<u>Amount</u>
International training/travel	\$ 76,250
Office equipment and vehicles	135,000
Program investment:	
- National Education	650,000
- Community Support	2,000,000
- Street Children	300,000
- Technical Assistance	<u>100,000</u>
Total	US\$ 3,261,250

The total amount of recurrent costs over the five-year period is estimated at approximately \$5.54 million (\$8.8 million less \$3.26 million). A.I.D. assistance to the Project will consist of five principal elements as shown in the budget: 1) support to the Drug Education and Information Center, 2) support to National Education, 3) support to communities, 4) Street Children, and 5) technical assistance. The TA is a one-time activity that will be provided during the first year to develop fund raising techniques and to determine the percentage of core costs that should be charged to each activity for purposes of cost recovery from third parties. Therefore, the \$100,000 allocated for this activity is not included in the recurrent cost estimations.

The following is a preliminary list of possible other donor contributions which have resulted from conversations between CEDRO and other donor organizations.

- G.T.Z. (The German Technical Cooperation Agency)  
US\$ 100,000 in 1992  
US\$ 100,000 in 1993
- INTERAMERICAN DEVELOPMENT BANK (IDB)  
A US\$ 500,000 revolving loan to CEDRO in 1993, to be paid back over a 12-year period without interest. This loan will be passed to selected high risk communities to develop small enterprises to generate employment for ex-addicts (who will also pay back their loans without interest). In this process, CEDRO will obtain from the IDB a contribution of \$100,000 that will go into CEDRO's endowment fund.
- EUROPEAN ECONOMIC COMMUNITY AND/OR OVERSEAS DEVELOPMENT AGENCY (Great Britain).  
  
US\$ 100,000 1992  
US\$ 100,000 1993  
US\$ 100,000 1994
- KELLOGG FOUNDATION  
US\$ 200,000 1993

Limited funds will be used to finance international travel and related expenses of CEDRO key officials or technicians to attend conferences or other international events which are important to the success of the Center's program. While attendance at international conferences and limited regional travel will continue throughout this activity, expenditures will be significantly reduced following the PACD. In addition, some portion of the cost of developing the Center's program, such as development of mass media campaigns and Center publications and acquisition of existing research and reports, are a one-time expense which will only require updating in the future and which, in any case, would be financed by third party donors. A vision of how will CEDRO financially operate after the PACD is provided in Annex C, Institutional Analysis - Self-sufficiency.

## V. PROJECT IMPLEMENTATION

### A. Project Management

#### 1. USAID Responsibilities

The NECI Project will be managed by the Democratic Development Division (DDD) within USAID. The DDD Deputy Chief will be the Project Manager and members of the EXO Procurement Division, and Offices of Economic Recovery, Project Development and Program, Controller and Human Resources will form the Project Committee. USAID will closely monitor the Project and will assist CEDRO in the identification of the expert in fund raising techniques. The

Regional Contracting Officer/Quito will execute the Grant Agreement. USAID will review and approve the annual action plans submitted by CEDRO. Additionally, the Mission will coordinate high-impact, immediate-action drug programs with USIS and NAS.

## 2. Role of CEDRO

The Center will be the main implementing agency for the Project. The Center will establish collaborative programs with other organizations involved in counter drug-related activities. It will assist the Ministry of Education with the implementation of drug prevention programs in schools, and local organizations with the implementation of their community-based anti-drug programs. CEDRO will be responsible for coordinating and implementing these activities. The Center will submit periodic progress reports to USAID in accordance with the Grant Agreement (see Conditions and Covenants section). CEDRO's Board of Directors will be instrumental in maintaining high-level contacts both within and outside the GOP and will use these connections for disseminating information about the Center and its work.

### B. Project Implementation Schedule

The target dates for project implementation are as follows:

1. Phase I: Project Start Up - October 1992-March 1993
  - (A) Program and Endowment fund campaign implemented
  - (B) Street Children fund campaign implemented
  - (C) Introduction of curricula to high schools
  - (D) Surveys program implemented
  - (E) Radio/TV campaigns implemented
  - (F) Reports and publications
  - (G) Conferences carried out
  - (H) Research and study programs undertaken
  - (I) Community Support program initiated
  - (J) Street Children program implemented
  - (K) Training programs implemented
  - (L) System to apportion indirect costs developed and implemented
2. Phase II: Project Operations - April 1993 to Sept. 1994. In addition to the above, yearly audits and the first special evaluation will be carried out.
3. Phase III: Project Operations - Oct. 1994 to Sept. 1996. In addition to the above, the second special evaluation will be carried out.
4. Phase IV: Project close out - Oct. 1996 to Sept. 1997. In addition to the above, the final lessons learned evaluation will be carried out.

### C. Procurement Procedures

The Center will directly procure its office supplies and equipment including computers, technical assistance, journals and periodicals, training, vehicles, etc., as specified under the terms of the Grant or under the terms of the agreement linking CEDRO with third-country institutions. The Grant Agreement will state the need to follow the Buy-America policy. As explained below, the contracting of annual evaluations and audits will be done by CEDRO.

### D. Evaluation Plan

The Project has budgeted \$100,000 for annual evaluations. CEDRO will conduct an internal evaluation of the Project each year, in conjunction with the USAID coordinator. Annual evaluations will focus on "process" issues, that is, whether activities are being implemented according to the implementation plan and in compliance with the terms of the Agreement. These evaluations will identify problems that need to be resolved, and what mid-course corrections are needed.

In addition to CEDRO's yearly evaluations, three special in-depth evaluations using PD&S funds will be conducted. The first at the end of the second year of the Grant, the second at the end of the fourth year, and the third evaluation during the fourth quarter of the last year. These evaluations will assess the extent to which the Project has achieved the intended objectives, describe any unexpected outcomes that have resulted, and document the lessons that have been learned from the Project. In addition, the first evaluation will thoroughly review the Project's achievement of intended outputs and recommend, if deemed necessary, any revisions to the Project's EOPS indicators.

It is anticipated that each special evaluation will require up to 12 person weeks of services of professional evaluators. The special evaluations will be financed by A.I.D. using PD&S funds to ensure their objectivity, and the USAID Project Coordinator will be responsible for preparing the scopes of work and PIO/T. Use of PD&S funds will be authorized by the Mission Director on an exceptional basis, following guidance in HB 3, as it is deemed inappropriate to have CEDRO manage the funds for external evaluations, and no LSGA or other obligating instrument will exist for this Project outside the grant to CEDRO.

### E. Project Monitoring

CEDRO will provide the Mission on a quarterly or semi-annual basis with data that will indicate that the Project is moving toward the achievement of its sub-goal. Information related to the increase of alternative production, employment and exports from the upper jungle region will be provided semiannually. Information on 1) the amount of GOP or private sector investment to counteract drugs, 2) laws enforced, 3) policy statements, etc. to measure the achievement of the Project's sub-goal will be provided

ANNEX A

04:VPDPDUNILLLOGFRAME0

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project:  
From FY 92 to FY 99  
Total U.S. Funding \$5.5 M  
Date Prepared: 26 August 92

Project Title & Number: NARCOTICS EDUCATION AND COMMUNITY INITIATIVES NO. 527-0347

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Program or Sector Goal:</b> The broader objectives to which this project contributes: Replace coca based employment and foreign exchange earnings with legal alternatives.</p> <p><b>Sub-Goal</b> Establish a sustainable and aggressive Government and private sector action plan to counteract drug production, trafficking and consumption.</p>	<p><b>Measure of Goal Achievement:</b></p> <ul style="list-style-type: none"> <li>- Decrease in coca Exports</li> <li>- Increase in alternative production, employment and exports</li> </ul> <p><b>Measure of sub-goal achievement:</b></p> <ul style="list-style-type: none"> <li>- Increased Government resources to counter drugs.</li> <li>- Increased private sector resources to counter drugs.</li> <li>- New policy statements and laws passed</li> <li>- Laws enforced</li> <li>- Increased international cooperation</li> </ul>	<p><b>Means of verification of goal achievement:</b></p> <ul style="list-style-type: none"> <li>- Government records/reports</li> <li>- U.S. Mission record/reports</li> <li>- National Institute of Statistics data</li> </ul> <p><b>Means of verification of sub-goal achievement:</b></p> <ul style="list-style-type: none"> <li>- government publications and budgets</li> <li>- private sector publications and budgets</li> <li>- CEDRO reports</li> <li>- media communication</li> <li>- reports from summit conferences</li> <li>- U.S. Mission reports</li> </ul>	<p><b>Assumptions for achieving sub-goal targets:</b></p> <ul style="list-style-type: none"> <li>- Government and non-government interventions have a strong negative impact on coca-cocaine related activities.</li> <li>- Government investments provide alternative legal opportunities to farmers and rural entrepreneurs.</li> <li>- International donors provide adequate support for government and non-government alternative legal production programs.</li> <li>- Economic stability</li> <li>- Public opinion against the use, production and trafficking of drugs induces aggressive Government and non-government interventions.</li> <li>- Increased Government and non-Government resources to counteract drug related activities.</li> <li>- Government is committed to eliminate drug problems.</li> <li>- The economy improves.</li> <li>- Government officials and opinion leaders are motivated to make a commitment against drug related problems.</li> </ul>

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<p><b>Program or Sector Goal:</b> The broader objective to which this project contributes:          Replace coca based employment and foreign exchange earnings with legal alternatives.</p>	<p><b>Measures of Goal Achievement:</b></p> <ul style="list-style-type: none"> <li>- Decrease in coca Exports</li> <li>- Increase in alternative production, employment and exports</li> </ul>	<ul style="list-style-type: none"> <li>- Government records/reports</li> <li>- U.S. Mission record/reports</li> <li>- National Institute of Statistics data</li> </ul>	<ul style="list-style-type: none"> <li>- Government and non-government interventions have a strong negative impact on coca-cocaine related activities.</li> <li>- Government investments provide alternative legal opportunities to farmers and rural entrepreneurs.</li> <li>- International donors provide adequate support for government and non-government alternative legal production programs.</li> <li>- Economic stability</li> </ul>
<p><b>Sub-Goal</b>          Establish a sustainable and aggressive Government and private sector action plan to counteract drug production, trafficking and consumption.</p>	<p><b>Measures of sub-goal achievement:</b></p> <ul style="list-style-type: none"> <li>- Increased Government resources to counter drugs.</li> <li>- Increased private sector resources to counter drugs.</li> <li>- New policy statements and laws passed</li> <li>- Laws enforced</li> <li>- Increased international cooperation</li> </ul>	<p><b>Means of verification of sub-goal achievement:</b></p> <ul style="list-style-type: none"> <li>- government publications and budgets</li> <li>- private sector publications and budgets</li> <li>- CEDRO reports</li> <li>- media communication</li> <li>- reports from summit conferences</li> <li>- U.S. Mission reports</li> </ul>	<p><b>Assumptions for achieving sub-goal targets:</b></p> <ul style="list-style-type: none"> <li>- Public opinion against the use, production and trafficking of drugs induces aggressive Government and non-government interventions.</li> <li>- Increased Government and non-Government resources to counteract drug related activities.</li> <li>- Government is committed to eliminate drug problems.</li> <li>- The economy improves.</li> <li>- Government officials and opinion leaders are motivated to make a commitment against drug related problems.</li> </ul>

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**Project Purpose:**

Stimulate a national awareness leading to activities that counteract drug production, trafficking and consumption.

**Conditions that will indicate purpose has been achieved: End of Project Status (EOPS)**

1. Newspaper editorials per month:  
1993: 4; 1994: 6; 1995: 8; 1996: 10; 1997: 12
2. Non-CEDRO publications per month:  
1993: 3; 1994: 6; 1995: 8; 1996: 9; 1997: 10
3. Non-CEDRO TV/radio presentations per week:  
1993: 2; 1994: 4; 1995: 6; 1996: 8; 1997: 10
4. Non-CEDRO conferences organized per year:  
1993: 1; 1994: 2; 1995: 3; 1996: 4, 1997: 5
5. University activities organized per year:  
1993: 6; 1994: 7; 1995: 8; 1996: 9; 1997: 10
6. Public Sector activities per year:  

Year	Health	Education	Other	Total
1993	5	5	1	11
1994	6	6	1	13
1995	7	7	1	15
1996	9	9	2	20
1997	10	10	3	23
7. Statements from Opinion Leaders per year:  

Year	Public	Civil	Religious	Total
1993	2	2	2	6
1994	3	3	3	9
1995	4	4	4	12
1996	6	6	6	18
1997	8	8	8	24
8. Community level conceived and implemented drug prevention activities per year:  
(a) 30 in 1993 (d) 80 in 1996  
(b) 40 in 1994 (e) 100 in 1997  
(c) 60 in 1995;
9. A yearly increase in the percentage of the population which recognizes drug-related activities as a major national problem that needs to be corrected immediately:  
(a) 30% in 1993 (d) 60% in 1996  
(b) 40% in 1994 (e) 75% in 1997  
(c) 50% in 1995

- Newspaper archives.
- CEDRO reports.
- Radio and television station records.
- University reports and records.
- Government publications.
- U.S. Mission reports.
- Survey reports.

**Assumptions for achieving purpose:**

1. A successful CEDRO program will provoke strong public and private sector response that causes newspaper editorials, publications, radio announcements, television presentations and conferences.
2. Media not manipulated by narcotraffickers.
3. Other problems--terrorism, poverty and the economy--do not dominate the media's attention.
4. CEDRO capable of keeping track of drug-related activities on radio/TV.
5. Students entering universities and professors are speaking out against drugs.
6. Resources available for public and private sector activities.
7. Strong national concern develops over the Government's inability to counteract drug abuse.
8. Local community ability to implement and maintain effective anti-drug programs.
9. Peruvians will recognize drugs as a major national problem.
10. Valid surveys will clearly demonstrate the status of popular opinion over the five year life of the project.

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<p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>- A prestigious self-sufficient private institution demonstrating that it can effectively provide the nation with accurate information on the adverse effects of drugs.</li> <li>- The dissemination of timely and accurate information to the nation.</li> <li>- Drug prevention curricula expanded nationwide.</li> <li>- Drug prevention and awareness network is strengthened.</li> </ul>	<p><b>Magnitudes of Outputs:</b></p> <p><b>1. Self-sufficiency:</b></p> <p>a. Non-A.I.D. funds raised for program:  1993: 100,000      1994: 100,000  1995: 200,000      1996: 200,000  1997: 300,000</p> <p>b. Non-A.I.D. funds raised for street children:  1993: 80,000      1994: 80,000  1995: 80,000      1996: 80,000  1997: 80,000</p> <p>c. Non-A.I.D. funds raised for endowment fund:  1993: 100,000      1994: 150,000  1995: 150,000      1996: 150,000  1997: 150,000</p> <p><b>2. Program:</b></p> <p>a. CEDRO demonstrates ability to provide quality services to both public and private sectors, and influence opinion leaders.</p> <p>b. Extension of Drug Prevention Curricula  - public high schools: 1993: 200; 1994: 300; 1995: 500; 1996: 1,000; 1997: 1,500.  - private high schools: 1993: 50; 1994: 100; 1995: 150; 1996: 200; 1997: 300</p> <p>c. Surveys conducted:  - Public opinion - yearly  - Epidemiological - three: 1993-1995-1997  - Opinion Leaders - three: 1993-1995-1997  - Youth attitudes - two: 1994-1996</p> <p>d. Maintain yearly radio/TV campaigns with an average of 500 spots per year.</p> <p>e. Maintain monthly reports, conferences and publications, and bi-annual studies.</p> <p>f. Each year support 100 community-based institutions implement key drug-prevention activities.</p> <p>g. Maintain five street children drug-prevention centers as models for the nation.</p>	<ul style="list-style-type: none"> <li>- CEDRO financial reports</li> <li>- Bank account statements</li> <li>- Yearly audits</li> <li>- U.S Mission's reports</li> <li>- Formal requests for CEDRO services.</li> <li>- Assessments of the quality of the services provided.</li> <li>- Public and private sector directly participating in and supporting the CEDRO program.</li> <li>- Ministry of Education Records of the Ministry of Education and Municipalities.</li> <li>- Records from private sector institutions</li> <li>- Survey reports.</li> <li>- CEDRO records.</li> <li>- CEDRO records.</li> <li>- Local government publications</li> <li>- CEDRO records.</li> <li>- CEDRO records.</li> <li>- US Mission reports.</li> </ul>	<p><b>Assumptions for achieving outputs:</b></p> <p><b>1. Self-sufficiency:</b></p> <p>a. CEDRO will demonstrate that it can perform effectively with decreased dependence on A.I.D. resources.</p> <p>b. Increased international concern and support.</p> <p>c. Increased national public and private sector support of the CEDRO program</p> <p>d. Government's tax law will continue to permit deduction of contribution made to non-profit organizations.</p> <p>e. All financial contributions are on schedule.</p> <p><b>2. Program:</b></p> <p>A. Increased demand for CEDRO services.  - CEDRO maintains quality staff and its program attracts qualified consultants.  - CEDRO is recognized as a leading authority on drug prevention activities.</p> <p>B. Ministry of Education and local municipality interest and capability to introduce and implement the curricula.  - Parental approval of anti-drug curricula.</p> <p>C. CEDRO's ability to procure resources required to implement effective studies and conferences and prepare useful reports.  - CEDRO can commission sound and convincing drug-related surveys on schedule.</p> <p>D. Media gives CEDRO good coverage.  - National economy will not impact negatively on time allocated to CEDRO on TV and radio stations.  - CEDRO capable of monitoring its radio and TV campaign.</p> <p>E. Widespread dissemination of CEDRO's reports.</p> <p>F. Local organization interest in implementing drug prevention activities.  - Ability of community based institutions to conceive and maintain prevention activities.</p> <p>G. Street children program will be copied by other institutions.</p>
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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Inputs: 6 1. A.I.D. - Grant Agreement - Street children program  2. Other Donors - Project Funds - Street children program  3. Government - Grant for street children Children program	Implementation Target (Type and Quantity)  1 - \$8,500,000 300,000  2 - 2,300,000 - 700,000  3 - 100,000	<ul style="list-style-type: none"> <li>- Signed Grant Agreement</li> <li>- Other donor reports</li> <li>- Government reports</li> <li>- CEDRO Reports/Records</li> <li>- Audits, evaluations and assessments conducted</li> <li>- Project Implementation Reports</li> <li>- U.S. Mission Records/Reports</li> </ul>	Assumptions for providing inputs:  <ul style="list-style-type: none"> <li>- Initial and subsequent project obligations are on schedule</li> <li>- Other donor contributions on schedule</li> <li>- Government contributions on schedule</li> <li>- CEDRO keeps good records</li> <li>- Grants to NGOs are an efficient and effective mechanism to support anti-drug programs.</li> </ul>

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quarterly. At the Project's purpose level (EOPS), CEDRO will keep updated information on all of those non-CEDRO activities carried out, e.g., newspaper editorials, other publications, TV/radio presentations, anti-drug public sector activities, surveys of opinion leaders' statements, etc. This information will be filed at CEDRO and a report that quantifies it, along with the information of CEDRO's own outputs will be supplied to USAID on a monthly basis. The yearly evaluations and audits will ascertain the degree of financial self-sufficiency that CEDRO has reached and also the progress in its efforts to charge overhead costs to third party donors, accordingly.

#### F. Audits and Financial Reviews

Proposed funding provides for annual Recipient Contracted Audits as prescribed for Handbook 13 Grants. The full cost of the audits will be financed by the Agreement. This exception is being made to allow the Recipient to capitalize their share as part of the working capital fund.

### VI. Summaries of Analyses

#### A. Financial Analysis - Pre Award Survey

No detailed financial analysis nor formal pre-award survey has been performed for this proposed Grant. The Mission Controller's Office has been consistently reviewing the financial activities of the proposed Recipient as they relate to the current grant with CEDRO. Audits performed on CEDRO have been in accordance with A.I.D. requirements. No material findings were presented in those audits and both were unqualified and without specific recommendations. No deficiencies were found in the Controller's review of CEDRO for its PVO recertification.

(See Table 4-1, Section IV. A for the Summary Financial Plan).

#### B. Technical Summary

Evaluations of the drug problem in Peru revealed the existence of problem areas that hampered the successful implementation of a counternarcotics policy. Among those areas the Project identifies as the more relevant: 1) the absence of clear opinions on and public awareness of the drug problem as one of the most important problems of Peru, and 2) the economic incentive that drug production and trafficking represents for a wide sector of the population.

The main increase in coca paste consumption is now evident in towns close to the coca production areas--now estimated at over 120,000 hectares--where CEDRO has recently started modest prevention activities. In the education sector, in spite of the intense drug prevention activities carried out by CEDRO and the Drug Prevention Program designed by the Ministry of Education,

there still exists a notable lack of knowledge among Peruvian students on the drug-related problems (corruption, violence, weakening of democracy, etc.).

To overcome the adverse effects of the production, trafficking and consumption of illicit drugs, it is essential that the Peruvian people fully understand the drug problem and act on it. To achieve this, it is necessary to provide to the public factual information on all the adverse effects of drugs and their production.

The Mission has discounted the possibility of having some institution of the GOP that could succeed in this education process. On the private sector side, there are several small institutions which performed in some areas of prevention, but no organization acts in all fields (information, communication, research, training, etc.) as CEDRO does. On this basis, the capacity of CEDRO and the successful experience implementing the DEPA Project leaves no doubt that the NECI Project can be successfully implemented by CEDRO.

#### C. Institutional Summary

CEDRO will serve as the implementing organization for the NECI Project. The evaluation of the DEPA Project demonstrated that CEDRO is capable of organizing and implementing successful drug awareness campaigns, and disseminating accurate information to the public based on the findings of studies developed by its research unit. CEDRO, with a small but experienced professional staff, has developed into a mature and highly respected non-partisan institution that has taken the lead in identifying and publishing the extent of the drug problem and mobilizing resources to counteract it.

An important CEDRO target is to achieve financial self-sufficiency over the five-year life of the NECI Project. This target, which other involved international donors also consider critical for CEDRO's institutional development, is a key component of the Project. Under the DEPA Project, CEDRO organized a campaign to establish an endowment fund to cover future administrative costs; during the NECI Project, the full capitalization of the endowment fund will be a high priority for CEDRO. Plans to achieve its self-sufficiency are discussed below.

#### D. Economic Summary

It is difficult to identify the hidden costs linked to the production, trafficking and consumption of illicit drugs like the costs that concern the deterioration of the national security, the loss of farm lands, the damage to ecology and the negative effects of narco-dollars. Thus, the Economic Analysis focuses on one quantifiable benefit from the relation between drugs and the productivity of labor, by measuring how much additional net salary income would be obtained by the benefitted persons.

Considering the total investment of \$8,800,000 over a five-year period, the break-even point of the number of people that the Project needs to educate on the drug problem is 293,333. CEDRO anticipates that not less than 2,000,000 students from high schools and about 300,000 persons from local communities will be directly influenced by the drug prevention program.

#### E. Environmental Summary

The LAC Deputy Chief Environmental Officer has reviewed and approved the Categorical Exclusion for the NECI Project with the condition that, prior to implementation, the Mission Environmental Officer shall review project activities involving small business promotion or promotion of other commercial production activities and shall recommend mitigative measures to minimize potential environmental impacts. The Environmental Threshold Decision and the Environmental Determination are attached as Annexes K and L.

#### F. Social Soundness Summary

Project design has taken into consideration the socio-cultural and political environment in Peru. The production of coca for human consumption has a long history in Peru in which coca leaf chewing has persisted into the present, mainly in the mountains' rural areas. Because of the cultural sensitivity of this practice, the NECI Project will not attempt to address coca leaf chewing.

Although the Project intends to expand drug awareness to reach 75% of the Peruvians (estimated population is around 23 million), the NECI Project through CEDRO's program will support three distinct groups of beneficiaries:

1. High School Students: The program will reach over approximately 2,000,000 high school students in 4,300 schools (both public and private) throughout the country.

2. Local Communities: The Project will support approximately 500 community organizations located throughout the country to develop their own self-conceived drug prevention activities. CEDRO estimates that this program will reach approximately 300,000 people.

3. Street Children: The CEDRO Street Children Program supports five centers in Lima's metropolitan area, with a revolving population of 75 children per center and per year. This results in a figure of approximately 1,900 children.

#### G. Summary Findings

The USAID Project Development Committee, comprised of representatives from the following offices: Project Development and Program, Economic Recovery, Human Resources and Controller, and

USIS and NAS, has reviewed all aspects of the proposed NECI Project and concluded that the Project is institutionally, financially, economically, technically, socially, and environmentally sound and consistent with the development objectives of the GOP and the Mission's strategy and objectives.

#### VII. SUBSTANTIAL INVOLVEMENT UNDERSTANDINGS

CEDRO and USAID agree that the nature of the activities to be carried out under the Agreement require the substantial involvement of USAID. CEDRO, therefore agrees to:

1. Within 30 days of signing the Cooperative Agreement, CEDRO will submit, in form and substance acceptable to USAID, its annual workplan with detailed budget for the first year of operation. Similar workplans with detailed budgets will be submitted every twelve months to USAID.
2. Within 120 days of signing the Cooperative Agreement, CEDRO will submit, in form and substance acceptable to USAID, a redesigned accounting and financial information system that will provide the discrimination of core administrative costs and the method of applying these management costs to all of the programs, grants and contracts they undertake. This will include CEDRO self-financed activities as well as those with third parties.
3. Throughout the life of the Project CEDRO will deposit in its Endowment Fund Account all funds that are apportioned from other donor programs. These funds will be reserved to cover post-PACD administrative expenses.
4. Every six months CEDRO will submit in form and substance acceptable to USAID, evidence that it has made progress toward financial self-sufficiency.
5. CEDRO will maintain funds received under the Cooperative Agreement in a bank account separate and apart from bank accounts and records of CEDRO relating to any other funds made available to it.
6. CEDRO will maintain accounting records which classify and summarize clearly and separately and document fully all transactions relating to funds received under the Cooperative Agreement in such a manner as to permit the audit of all such transactions.

7. Prior to scheduling annual audits, CEDRO will submit for USAID's approval a copy of the audit's scope-of-work and budget.
8. CEDRO will implement within 30 days any and all recommendations for corrective actions or improvements made by its independent auditor in its annual reports or by the A.I.D. Inspector General in any report on CEDRO, or explain reasons for their inability and an alternative plan of action to solve the problem.
9. CEDRO will submit to USAID, in form and substance acceptable to USAID, the following documents:
  - semiannual program activity reports including a status report on the attainment of its self-sufficiency targets.
  - comprehensive and complete annual audit reports.
  - quarterly financial reports (including counterpart contributions)
  - quarterly reports on GOP resources allocated to counteract drugs
  - as appropriate, special reports that identify and evaluate problem areas which may inhibit attainment of the Project's objectives.

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## ANNEX B

### Technical Analysis

Evaluations of the different aspects of the problem of drugs in Peru, that were performed before CEDRO started operating, revealed the existence of 'problem areas' that hampered the implementation of a successful and comprehensive fight against drug production, trafficking and consumption in Peru. These are:

a. The absence of clear opinions on and public awareness which helps identify the problem of drugs as one of the most important social, political, economic development and public safety problems of the country. This included not perceiving cocaine basic paste as a new, extremely addictive form of consumption that has established an important nation-wide market.

b. The economic incentive that drug production and trafficking represents for a wide sector of the population, mainly youths and low income populations.

c. The overall absence of reliable information regarding the problem of drugs in Peru, both at the level of production, the epidemiology of consumption, and population attitudes regarding all the aspects of the problem.

d. Considerable institutional and management constraints of all the public and private sector entities, that result in an absence of operational mechanisms, and the inability to execute precise policies and actions in the fight against different aspects of the drug problem.

The main increase in coca paste consumption is now evident in towns close to the coca production areas--now estimated at over 120,000 hectares--where CEDRO has recently started modest prevention activities. Without additional regional studies, CEDRO's efforts cannot adequately address the needs of these populations, due to the lack of reliable information on the socio-cultural profile of the coca-leaf grower and his lack of knowledge about possibilities for alternative development and GOP plans for the region. The social situation of the coca-growing areas is totally different from other similar geographical areas in Peru, due to the intimate alliance between subversion and drug-trafficking which provides a permanent environment for corruption and terror in order to carry out their illicit activities.

In spite of the intense drug prevention activities carried out by CEDRO in more than 1,000 schools country-wide, and the Drug Prevention Program (DPA) designed by the Ministry of Education whose curricula has been recently incorporated into 50 high schools (0.9% of all schools), there still exists a notable lack of

knowledge among Peruvian students at all levels on the other drug-related problems (corruption, violence, weakening of democracy, and ecological destruction).

To overcome or at least substantially mitigate the adverse effects of the production, trafficking and use of illicit drugs, there is the need for the Peruvian people to fully understand the drug problem and to act on it. People must be convinced about the need to support its Government on its efforts to proceed with law enforcement. To achieve this, it is necessary to provide to the public factual information on all the adverse aspects of drugs. This outreach needs to continue and to reach all ages and economic classes. The information will have to be revised periodically, and tailored according to the results of the epidemiological and opinion studies that will have to be carried out periodically.

The Mission has discarded the possibility of having some institution of the GOP to implement the Project. Unsatisfactory experience with the health sector under the DEPA Project led to this opinion. On the private sector there are several small institutions which work on some areas of prevention, others develop rehabilitation activities; but none carry out integrated drug prevention activities. CEDRO does it. CEDRO is the main researcher for drug prevention strategies for which they have obtained international recognition. The dissemination of information, the training of social promoters in drug prevention and the design of community based activities developed by CEDRO are outstanding (Some of CEDRO's outputs under the DEPA Project are shown in Annex O). On this basis, the capacity of CEDRO and the experience implementing the DEPA Project leaves no doubt that the Project can be successfully implemented by CEDRO.

The Project's support to CEDRO will lead this institution into a self-sufficient organization with sufficient capacity to mobilize opinion leaders to advocate counternarcotics measures. The U.S. support will allow CEDRO to continue during and beyond the LOP, with the education of people through the provision of factual information on drug related matters.

## Annex C

### Institutional Analysis

The Center for Education and Information on Drug Abuse Prevention (CEDRO) will serve as the implementing organization for the NECI Project. Financial, managerial and planning functions, as well as ultimate drug-awareness program accountability, will be the responsibility of CEDRO. The evaluation of the Drug Education and Public Awareness Project (DEPA) demonstrated that CEDRO is capable of organizing and implementing successful drug awareness campaigns, disseminating accurate information to the public based on the findings of studies and surveys developed by its research unit, and assisting community based institutions to counteract the nation's drug problem.

Project activities will be carried out by CEDRO directly or through sub-contracts with local firms and consultants. CEDRO and/or its sub-contractors will introduce drug prevention curricula in high schools, implement research studies, prepare reports, disseminate information to the general public, influence opinion leaders, provide technical assistance and training, support local organizations and maintain contact with successful drug prevention organizations. CEDRO's institutional capacity to successfully undertake these tasks is discussed below.

#### 1. The CEDRO experience

CEDRO was established under the DEPA Project on 20 June 86, in order to create a mechanism to raise public awareness about drug-related problems that are undermining the integrity of the nation and its institutions. On 10 March 87, CEDRO was registered as a PVO with A.I.D. USAID/Peru has been funding the CEDRO program through a cooperative agreement since 5 June 87 under the DEPA Project.

CEDRO has developed into a mature and highly respected non-partisan institution that has taken the lead in identifying and publishing the extent of the drug problems and mobilizing resources to counteract them. It has received support from several international organizations including the European Community, World Vision and Caritas of Holland. CEDRO has been operating with a core staff of 16 full-time employees, several part-time consultants, a large number of volunteers and an institutional network of more than 1,500 community-based private sector organizations throughout the country. Although CEDRO is a relatively new institution, the knowledge and operational expertise of its Executive Director and staff lends it extensive experience, and their close contacts with public and private sector leaders facilitates policy dialogue.

Due to CEDRO's prominence as a drug awareness institution, its achievements under the DEPA Project and the energy and commitment of its Board, Executive Director and staff, USAID has determined that a sole source waiver of competition for the services of CEDRO is justified on the basis of predominant capability. A copy of the Justification for Non-Competitive Procurement, signed by the Regional Contracting Officer is presented in Annex I.

## 2. Administrative Capacity

CEDRO has a small but experienced professional staff: The Executive Director is a sociologist, the Deputy Director as well as the Research and the Special Projects Directors are psychologists, the Chief of Administration and Accounting is an accountant, the Director of the Information Center is a librarian and the assistant for training and technical assistance is a psychologist (a list of CEDRO's staff is included in Annex P Chart 1).

This dedicated core staff will be responsible for daily operations. As a non-profit institution, CEDRO has the authority to accept grants and donations as well as contract for technical services (most of CEDRO's current endowment fund totaling to \$150,000 was raised with local contributions).

To implement this project CEDRO will periodically call on the services of trained professionals to assist in specific areas such as communications, surveys, publications, studies, conferences and workshops, and to organize and implement training programs. Project success depends on CEDRO's ability to identify and contract trained and experienced individuals to carry out these activities. Under its previous grant, CEDRO has demonstrated its capability to prepare scopes of work, identify competent technicians, and negotiate and manage contracts. USAID/Peru concurrence will be required prior to filling key short-term technical positions. CEDRO already has procurement, personnel, financial and travel policies in operation.

## 3. Sources of Income

CEDRO has several sources of funding for both its program and administrative costs: A.I.D. grants, other donor contributions and donations from private sector institutions.

Since 1990, CEDRO has also been carrying out a "street Children" program, which is oriented to reinsert into society children abandoned in Lima. This project is supported by the European Economic Community, the Third

World European Association, Visión Mundial and USAID, which plans to continue funding this program.

An important CEDRO target is to achieve financial self-sufficiency over the five-year life of the NECI Project. This target, which the international donors also consider critical for CEDRO's institutional development, is a key component of the Project. Under the DEPA Project, CEDRO organized a campaign to establish an endowment fund to cover to cover future administrative costs. Plans to achieve self-sufficiency are discussed below.

#### 4. Accounting capability

CEDRO's accounting section consists of an accountant and two assistants who are responsible for assisting CEDRO's top management in the preparation of annual action plans and operational budgets, preparing vouchers, writing checks, processing data, preparing the payroll, reconciling bank accounts, and all other activities involved in keeping CEDRO's finances in order and up to date. The accountant, an efficient administrator who is extremely conscientious about maintaining tight fiscal control, reports directly to the Executive Director. Audit and evaluation reports under the Drug Education and Public Awareness Project confirmed that the operations of CEDRO's accounting section were efficient and in compliance with A.I.D.'s regulations.

#### 5. Management of A.I.D. funded activities

As a registered private voluntary organization CEDRO serves as the implementing agent for a \$4 million program financed under the DEPA Project which ends on September 14, 1992. CEDRO's success in implementing the Drug Awareness Project was noted in the Project evaluation. Project audits revealed that CEDRO implemented its program in compliance with A.I.D.'s regulations.

#### 6. Planning capabilities

While implementing the DEPA Project, CEDRO demonstrated its abilities to effectively plan and implement its drug awareness program successfully. This capability was noted in the Project evaluation. CEDRO also demonstrated its planning skills by organizing and implementing an effective campaign to raise money from the private sector for its endowment fund. To date \$150,000 has been raised and deposited in a special account. The critical economic situation of the country and restriction to hold bank accounts in hard currency during the first three years of CEDRO's existence prevented CEDRO from raising more funds for its endowment account. Thus, USAID/Peru is confident that CEDRO is capable of planning and

implementing the proposed project with limited outside managerial support.

## 7. Financial self-sufficiency

In order to guarantee CEDRO's financial self-sufficiency by the end of the LOP this institution will need to take, the following actions:

a. Endowment Fund: Efforts made by CEDRO during the initial years of the DEPA Project to secure an endowment fund for its administrative expenses were hampered by inflation and recession. In spite of this problem CEDRO has been able to raise from the Peruvian private sector \$150,000 for its endowment fund. Over the five-year life of the NECI Project, CEDRO plans to increase this fund to \$850,000 through (1) additional private sector contributions, (2) implementing a system to apportion the indirect costs of other-donor programs and (3) interest earnings. CEDRO expects that its \$850,000 goal will be reached at the following rate: 1992: \$150,000 (already raised), 1993: \$100,000, 1994: \$150,000, 1995: \$150,000, 1996: \$150,000 and 1997: \$150,000 (see the Logical Framework- Annex A). These funds will be deposited in a special interest bearing account that CEDRO has established. Since the NECI Project shall cover all its administrative costs through 1997, CEDRO will be able to reserve the endowment fund for its post-Pacd program.

Under the NECI a professional fund raiser will be contracted to develop a more comprehensive fund raising program. CEDRO's core staff will be responsible for implementing this program.

CEDRO anticipates that by 1997 interest earnings from the \$850,000 endowment fund will cover approximately 33% of its reduced administrative costs. CEDRO plans to reduce its core staff from 16 full-time employees to 8 by the PACD. Interest earnings from the endowment fund account, plus other contributions should add to \$320,000 per year, enough to cover the planned reduced administrative costs. The yearly breakdown of the \$320,000 is as follows:

- Interest earnings	\$100,000
- New funds raised	120,000
- GOP contribution	<u>100,000</u>
<b>Total per year</b>	<b>\$320,000</b>

To ensure that its endowment fund target is reached, one of the conditions of the proposed grant will require CEDRO to establish, within 120 days from signing the agreement, a system to apportion the indirect costs that CEDRO should apply to each non-USAID donor program that will be carried out during the LOP. As mentioned above,

these moneys will be programmed to support the endowment fund and will be deposited in the fund's interest bearing account. Beyond the PACD CEDRO will continue to use this system to apportion funds to finance non-core staff which will be engaged to manage specific donor funded projects.

b. Program Fund: During the five-year implementation of the NECI Project CEDRO anticipates that it will raise \$900,000 from other donors for activities that are consistent with the objectives of the A.I.D. grant. Contributions are expected from the German Cooperation Agency (\$200,000), the Interamerican Development Bank (\$500,000) and the Kellogg Foundation (\$200,000). CEDRO will also campaign to raise funds from other international donors. As mentioned above these funds will be apportioned to support the Endowment Fund Account.

c. The Street Children Fund: For this component of the CEDRO program the U.S. Congress has donated \$300,000 under its Disabled Children Program (These funds are included in the NECI Project's \$8,800,000 budget). In addition, CEDRO anticipates that the European Community (EEC) will contribute \$100,000 per year, over a three-year period, starting in 1993. CEDRO will also apportion part of the EEC contribution in support of its Endowment Fund Account.

## Annex D

### Economic Analysis

Some of the adverse effects of narcotics include: the deterioration of the national security in areas that are controlled by narcotraffickers and terrorists, the negative impact on health and well-being, the unrecoverable loss of farming lands used to grow coca, the great damage to ecology resulting from deforestation and introduction of poisonous waste products used in coca production into the rivers, and mass migration from rural areas resulting in a decrease in agricultural productivity. The effects of narco-dollars (which causes a permanent hold-back in the exchange rate due to an excess of foreign currency in the market), the high costs of capital, and the lack of security resulting from narcoterrorism have all caused a negative macro-economic impact.

The production of drugs generates abnormal foreign currency flows which distort the normal behavior of the money supply in the exchange market. For example, in the mining industry the side effects of this situation are the distortions in interest rates and in the capital market, which suppress the value of the dollar. This has caused Peruvian export production to become highly uncompetitive, and has brought about the collapse of the mining industry and resulted in unemployment or forced migration from the mining zones located in the highlands to the coca producing areas of the upper jungle.

Due to the illegal nature of narcotrafficking, production and consumption, there is a scarcity of data available which makes it almost impossible to quantify the more hidden costs. In general, these are associated with law enforcement, corruption, threats to national security, loss of worker productivity, health care, diminished tax revenues, and a breakdown of social values.

The economic analysis of the project must be done in terms of Benefit-Cost framework. The project can be considered as an investment in education of human resources regarding drug awareness. The cost of the project is the value of the resources employed, i.e the US\$ 8.8 million, which will be invest during the lifetime of the project. As mentioned earlier the investment profile will be as follows:

**Table 1: Investment Profile**

	<u>Year</u>	<u>Total</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Investment(US\$ million)		8.8	2.6	2.5	1.7	1.1	0.9

The most difficult part is how to identify and quantify the gross benefits of the project, i.e. how to measure that the following achievements will be met with the education awareness

project and in what magnitude:

- \* Decrease in drug production
- \* Decrease in drug trafficking
- \* Decrease in drug consumption

What would be a minimum value of the project's expected benefits in order to address the economic performance of the project? The answer is that the minimum benefit would be of the same amount of the investment, i.e. US\$ 8.8 million, hence the minimum benefit-cost ratio would be 1.0. Of course, the greater this ratio the more attractive the investment.

What set of potential benefits can arise from the project? In the first place the project would allow to more people be aware of the negative effects of drug production, trafficking and consumption, and this in turn, may have an effect on people of not using drugs or participate in production or trafficking. Second, it is well known than the use of drugs by children has negative effects in their learning, schooling abilities and permanent health negative effects. The project has a component aimed to prevent children, basically through education at schools and in the street-children activity. Not using drugs will improve child growth, lower morbidity and mortality, and lead to higher productivity, more enjoyment of leisure, and more effective learning by students.

These are potential benefits hard to quantify, however we can focus on one quantifiable benefit from the relation between drugs and the productivity of labor, by measuring how much additional net salary income would obtain the benefitted persons if the educational program is a success in the sense that the number of drug-users be reduced and more relevant actual non drug-users be kept from using drugs in the future. For example, Chart 5-A (Annex P of the Project Paper) shows that in 1991 there were 134,000 persons between 15 to 24 years old that have used PBC and cocaine at least once. This represents 4.1 percent of the total population of that age, which can be interpreted also as the average probability that one person has of using those drugs at least once. Assuming the same probability and an annual growth population of 6.9 percent, the population profile and the prevalence of life population until 1997 are shown in rows 1 and 2 of Table 2 below.

**Table 2: Projected urban population of 15 to 24 years old and Effects of the Project (in thousands of persons)**

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	Total	Year				
		1993	1994	1995	1996	1997
I. Urban Population		3740	4000	4273	4567	4883
II. Drug use Prevalence	879	153	164	175	187	200
III. Minimum reduction of drug use with the Project	293	59	59	59	58	58
IV. Percentage Reduction III/II	32%	37%	35%	33%	30%	28%

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Source: Chart 5-A (Annex P of the Project Paper)

NB: "Drug use prevalence" means number of people who have tried drugs at least once in their life.

The evidence found in several studies is that education promotes economic growth. Thus the World Bank states that a one-year increase in schooling can augmented wages by more than 10 percent after allowing for other factors.<sup>1</sup> Assuming that the increase of labor productivity of one person successfully benefitted by the project is in average 3 percent, which with an average annual income per capita in the country being US\$ 1010, would represent a wage increase of US\$ 30. With these figures it can be stated the break-even point of number of people that the project needs to be successful: US\$ 8,800,000 of total investment divided by US\$ 30 gives 293,333 persons, who may have the profile shown in row 3 of Table 2. That means that the minimum exigency to the project would be to be effective in deterring 32 percent of the project prevalence of life population between 1993 to 1997. Of course, anything higher than these minimum number of people the better would be the program.

As mentioned earlier, the Project will support the development of exhaustive research studies to measure the impact of drug-related activities and to identify the hidden costs which will then be disseminated to make the public more aware of these costs, thus garnering more public support for specific anti-drug strategies carried out by the GOP and the private sector. The quality of information provided to the public regarding the consequences of drug use, particularly to the population potentially at risk, will also help them make more informed decisions on the subject.

"Narcotization" of political, economic and social issues in Peru and the high "hidden" costs associated with this process, represent a serious threat to the stability and feasibility of a democratic society.

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<sup>1</sup> World Bank. (1991). World Development Report 1991. Page 56

## Annex E

### Environmental Analysis

The LAC Deputy Chief Environmental Officer has reviewed and approved the categorical exclusion for the NECI Project with the condition that prior to implementation, the Mission Environmental Officer shall review project activities involving small business promotion or promotion of other commercial production activities and shall recommend mitigative measures to minimize potential environmental impacts. The Environmental Threshold Decision and the Environmental Determination are attached in Annex I Exhibits C and D.

## Annex F

### Social Soundness Analysis

The purpose of the Project is to stimulate a national incentive leading to activities that counteract drug production, trafficking and consumption. Project design has taken into consideration the socio-cultural and political environment in Peru. The production of coca for human consumption has a long history in Peru in which coca leaf chewing has persisted into the present mainly in the Sierra's rural areas. Because of the cultural sensitivity of this practice the NECI Project will not attempt to address coca leaf chewing. Thus, legal coca production and use is not an issue under the NECI Project.

Although the Project intends to expand drug awareness to reach 75% of the Peruvians (estimated population is around 23 million) the NECI Project through CEDRO's Program will support three distinct groups of beneficiaries:

1. High School Students: The Program will reach approximately 2,000,000 high school students in 4,300 schools (both public and private) throughout the country. This will result from the expansion of the Drug Prevention Program, which is already included in Ministry of Education approved high school curricula.

2. Local Communities: The Project will support approximately 500 community organizations located throughout the country to develop their own self-conceived drug prevention activities. These organizations are generally made up of 80 or more family members and their families. CEDRO estimates that this program will reach approximately 300,000 people.

3. Street Children: The CEDRO Street Children Program supports five centers in Lima's metropolitan area, with a revolving population of 75 children per center and per year. This leads to a figure of approximately 1,900 children that will benefit from CEDRO's effort to reinsert the street children into society.

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## Annex G

### Women in Development Analysis

It can be anticipated that women's participation in the NECI Project will be very intensive. In fact, the previous experience of CEDRO under the DEPA Project supports this statement.

Since the Center was founded in 1986 many national female leaders have been working closely with CEDRO. Women are found in CEDRO's Directive Council and they also constitute the majority of CEDRO's core staff. The Deputy Director, the Chief of Research, the Chief of the Documentation Center and the Chief of the Accounting Office are women. Also, more than 60% of CEDRO's consultants and social workers are women. Within CEDRO's institutional network, 52% of its affiliated institutions emphasize their prevention activities through the work of organized women. An example of this are the Centros de Madres which are found in virtually every working class community. These are local organizations where woman of low income settlements are democratically organized to develop a wide range of activities which extend from child care up to the promotion and organization of infrastructure works for the settlement, like electricity, water and sewerage. Another special activity which CEDRO carries out since 1988 is the "Woman Line" program with the purpose of promoting a bigger participation of women in the generation of income for their families. CEDRO under its research activities provides special attention to gender. The design of survey samples, as well as the interpretation and analysis of the information, are made with a view toward gender concerns.

## Annex H

### Financial Analysis

(See Section IV-E)

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## Annex I

### JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT

According to Handbook 13, Chapter 2, para 2B (3b and 3d), Competition is not required for:

(3b) "Assistance awards for which one recipient is considered to have exclusive or predominant capability, based on experience, specialized facilities or technical competence, or based on an existing relationship with the cooperating country or beneficiaries."

(3d) "Follow on assistance awards intended to continue or further develop an existing assistance relationship."

The recipient under the Cooperative Agreement will receive an incrementally funded grant, depending on the availability of funds, of up to US\$8,800,000 over the 5 years LOP to implement the Narcotics Education and Community Initiatives (NECI) Project.

The Mission proposes the Center for Information and Education on Drug Abuse Prevention (CEDRO) as the organization to undertake the Cooperative Agreement. It should receive the award non-competitively, based on its predominant capability and experience, and its existing relationship with the GOP and other private voluntary organizations nationwide that are working in drug prevention programs.

#### Background:

In its effort to contribute directly to the LAC Bureau objective of supporting the evolution of stable, democratic institutions and of responding to needs for international cooperation in addressing specific development challenges of U.S. foreign policy interest, the Mission decided to carry out a second effort in continuing the increase of Peruvian public awareness of the drug problem while forming a national consensus on policies and programs to address drug abuse, production and trafficking. The NECI Project will be an integral part of the GOP's integrated plan of development for coca-growing areas under President Fujimori's new doctrine to halt narcotics production and trafficking in addition to supporting programs of other U.S. agencies and the Andean counternarcotics strategy of the U.S. Government. The five year project will take the existing Drug Education and Public Awareness (DEPA) Project into a second phase by providing a broader scope of research and educational activities along with small innovative community prevention programs with main emphasis in populations close to coca-growing areas. The NECI Project will support an expansion of CEDRO's focus from principally community drug prevention to the presentation of facts that heighten public awareness of the problems of drug production and use in Peru. CEDRO, a private non-profit organization, was established six years ago under the sponsorship of the USAID funded DEPA Project and successfully operated by a diverse group of concerned Peruvian citizens. CEDRO

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has developed the capacity to: survey national level public opinion, analyze survey results, design educational programs to meet specific community needs or information about drugs, and establish both local and national drug prevention strategies.

As of today CEDRO has established a documentation center on drug topics, which is used both within Peru and by other Andean researchers, and has also established a constantly growing network of community organizations interested in drug prevention. As of April 1992, 1,985 organizations belonged to this network. This network will be fundamental to implementing drug prevention activities in high-risk areas. CEDRO's efforts have been indispensable in establishing general agreement on the facts regarding the dimensions of Peru's drug production and consumption problem, in bringing about a dispassionate discussion of the implications of these facts, and in sensitizing Peruvians to the need to address the drug problem. When the first opinion survey of drug awareness was carried out in 1986, less than 1% of the public considered drugs to be Peru's main problem. This has increased to 25% today. In addition, almost all Peruvians now rank drugs as one of Peru's three main problems (along with terrorism and the economic situation).

An evaluation of the DEPA Project performed in 1990, concluded that the Project had met its end-of-project objectives, that CEDRO is a permanent, prestigious and independent drug education and information center, and that such a project can serve as a model for replication of similar projects both within Latin America and worldwide.

For these reasons the USAID Mission recommends that CEDRO receive the award to be the implementing agency of the NECI Project on a non-competitive basis.

\_\_\_\_\_  
Regional Contracting Officer

\_\_\_\_\_  
Date

PROJECT 527-0347

## 5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO  
DATE? PROJECT CHECKLIST

YES

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS:

1. Host Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

The Project is narrowly focused to raise the level of understanding among Peruvian leadership and the society at large of social and economic problems associated with the illegal production and marketing of drugs.

2. U.S. Private Trade and Investment (FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

N/A

### 3. Congressional Notification

a. General requirement (FY 1991 Appropriations Act Secs. 523 and 591; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the notification requirement has been waived because of substantial risk to human health or welfare)?

YES

b. Notice of new account obligation (FY 1991 Appropriations Act Sec. 514): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

N/A

c. Cash transfers and nonproject sector assistance (FY 1991 Appropriations Act Sec. 575(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

N/A

4. Engineering and Financial Plans (FAA Sec. 611(a)): Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

(a) YES

(b) YES

5. Legislative Action (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?

No legislative action required.

6. Water Resources (FAA Sec. 611(b); FY 1991 Appropriations Act Sec. 501): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)

The Project is not a water-related land resource project.

7. Cash Transfer and Sector Assistance (FY 1991 Appropriations Act Sec. 575(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N/A

8. Capital Assistance (FAA Sec. 611(e)): If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

N/A

9. Multiple Country Objectives (FAA Sec. 601(a)): Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

Refer to A.I.D. Handbook 3

10. U.S. Private Trade (FAA Sec. 601(b)): Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

N/A

## 11. Local Currencies

a. Recipient Contributions (FAA Secs. 612(b), 636(h)): Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

The private sector implementing entity will progressively provide additional financing to eventually cover the cost of its own operation. It is hoped that self-sufficiency will occur at the end of the Project.

b. U.S.-Owned Currency (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

NO

c. Separate Account (FY 1991 Appropriations Act Sec. 575). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

The assistance will not be furnished to the government.

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

N/A

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

N/A

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?

N/A

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

YES

## 12. Trade Restrictions

a. Surplus Commodities (FY 1991 Appropriations Act Sec. 521(a)): If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

N/A

b. Textiles (Lautenberg Amendment) (FY 1991 Appropriations Act Sec. 521(c)): Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

NO

13. Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3)): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

NO

14. Sahel Accounting (FAA Sec. 121(d)): If a Sahel project; has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?

N/A

15. PVO Assistance

YES

a. Auditing and registration (FY 1991 Appropriations Act Sec. 537): If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

b. Funding sources (FY 1991 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

Assistance will be made to local PVO

16. Project Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report)): Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

17. Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the

YES

extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

18. Women in Development (FY 1991 Appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

YES

19. Regional and Multilateral Assistance (FAA Sec. 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

The Project is not susceptible to execution as part of a regional or multi lateral project.

20. Abortions (FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 525):

a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

NO

b. Will any funds be used to lobby for abortion?

NO

21. Cooperatives (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?

Not anticipated

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## 22. U.S.-Owned Foreign Currencies

a. Use of currencies (FAA Secs. 612(b), 636(h); FY 1991 Appropriations Act Secs. 507, 509): Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

N/A

b. Release of currencies (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

NO

## 23. Procurement

a. Small business (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?

Yes. AID procedures encouraging small business participation will be followed

b. U.S. procurement (FAA Sec. 604(a)): Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him?

Yes. Procurement will be made in accordance with the Buy America policy.

c. Marine insurance (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

N/A

d. Non-U.S. agricultural procurement (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

N/A

e. Construction or engineering services (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible

N/A

under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

f. Cargo preference shipping (FAA Sec. 603): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

Such provision will be written in the agreement.

g. Technical assistance (FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

YES

h. U.S. air carriers (International Air Transportation Fair Competitive Practices Act, 1974): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Such provision will be written in the agreement.

i. Termination for convenience of U.S. Government (FY 1991 Appropriations Act Sec. 504): If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

Such provision will be written in any AID direct procurement contract.

j. Consulting services (FY 1991 Appropriations Act Sec. 524): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

YES

k. Metric conversion (Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

YES

l. Competitive Selection Procedures (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

YES

24. Construction

a. Capital project (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used?

N/A

b. Construction contract (FAA Sec. 611(c)): If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

c. Large projects,  
Congressional approval (FAA Sec. 620(k)):  
If for construction of productive  
enterprise, will aggregate value of  
assistance to be furnished by the U.S. not  
exceed \$100 million (except for productive  
enterprises in Egypt that were described  
in the Congressional Presentation), or  
does assistance have the express approval  
of Congress?

N/A

25. U.S. Audit Rights (FAA Sec.  
301(d)): If fund is established solely by  
U.S. contributions and administered by an  
international organization, does  
Comptroller General have audit rights?

YES

26. Communist Assistance (FAA Sec.  
620(h)). Do arrangements exist to insure  
that United States foreign aid is not used  
in a manner which, contrary to the best  
interests of the United States, promotes  
or assists the foreign aid projects or  
activities of the Communist-bloc  
countries?

Yes, arrangements will preclude  
activities as stated.

27. Narcotics

a. Cash reimbursements (FAA  
Sec. 483): Will arrangements preclude use  
of financing to make reimbursements, in  
the form of cash payments, to persons  
whose illicit drug crops are eradicated?

YES

b. Assistance to narcotics  
traffickers (FAA Sec. 487): Will  
arrangements take "all reasonable steps"  
to preclude use of financing to or through  
individuals or entities which we know or  
have reason to believe have either: (1)  
been convicted of a violation of any law  
or regulation of the United States or a  
foreign country relating to narcotics (or  
other controlled substances); or (2) been  
an illicit trafficker in, or otherwise  
involved in the illicit trafficking of,  
any such controlled substance?

YES

28. Expropriation and Land Reform (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? N/A
29. Police and Prisons (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? YES
30. CIA Activities (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? YES
31. Motor Vehicles (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? YES
32. Military Personnel (FY 1991 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? YES
33. Payment of U.N. Assessments (FY 1991 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues? YES
34. Multilateral Organization Lending (FY 1991 Appropriations Act Sec. 506): Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? YES
35. Export of Nuclear Resources (FY 1991 Appropriations Act Sec. 510): Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology? YES

36. Repression of Population (FY 1991 Appropriations Act Sec. 511): Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights?

YES

37. Publicity or Propoganda (FY 1991 Appropriations Act Sec. 516): Will assistance be used for publicity or propaganða purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganða purposes not authorized by Congress?

NO

38. Marine Insurance (FY 1991 Appropriations Act Sec. 563): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate?

YES

39. Exchange for Prohibited Act (FY 1991 Appropriations Act Sec. 569): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

NO

C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

1. Economic and Political Stability (FAA Sec. 531(a)): Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?

N/A

2. Military Purposes (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes?

NO

3. Commodity Grants/Separate Accounts (FAA Sec. 609): If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

Such provision will be written into the Project Agreement.

4. Generation and Use of Local Currencies (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106?

N/A

5. Cash Transfer Requirements (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 575(b)). If assistance is in the form of a cash transfer:

N/A

a. Separate account: Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds?

N/A

b. Local currencies: Will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account, and has A.I.D. entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and conditions under which they are to be used, and the responsibilities of A.I.D. and that government to monitor and account for deposits and disbursements?

N/A

c. U.S. Government use of local currencies: Will all such local currencies also be used in accordance with FAA Section 609, which requires such local currencies to be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, and which requires the remainder to be used for programs agreed to by the U.S. Government to carry out the purposes for which new funds authorized by the FAA would themselves be available?

N/A

d. Congressional notice: Has Congress received prior notification providing in detail how the funds will be used, including the U.S. interests that will be served by the assistance, and, as appropriate, the economic policy reforms that will be promoted by the cash transfer assistance?

N/A

DRAFTER:GC/LP:EHonnold:4/11/91:2169J

AV

ACTION: AID-2 INFO: AMB-JCM

ECOSAT/LIMA  
MAIL ROOM  
12 JUN 1992  
RECEIVED

12 JUN 92 TOR: 22:27  
CN: 39487  
CHRG: AID  
DIST: AID  
ADD:

*due date 6/22*

**ACTION COPY**

ACTION TAKEN: N.A.N.

DATE: 6/15/92

INITIALS: A.L.

VZCZCPE0610  
RR RUEHPE  
DE RUEHC #8898 1642215  
ZNR UUUUU ZZH  
R 122218Z JUN 92  
FM SECSTATE WASHDC  
TO RUEHPE/AMEMBASSY LIMA 7374  
INFO RUEHQT/AMEMBASSY QUITO 1967  
BT  
UNCLAS STATE 188898

AIDAC LIMA FOR HEATHER GOLDMAN, LIMA FOR CARLOS AYALA

E.O. 12356: N/A

TAGS:  
SUBJECT: ENVIRONMENTAL THRESHOLD DECISION FOR NARCOTICS  
EDUCATION AND COMMUNITY INITIATIVES PROJECT (527-0347)

QUITO FOR REA FOR HOWARD CLARK

REF: FAX, MAY 20, 1992, CLARK TO HESTER/WILSON

1. LAC DEPUTY CHIEF ENVIRONMENTAL OFFICER, JOHN WILSON, HAS REVIEWED AND HEREBY APPROVES MISSION REQUEST FOR A CATEGORICAL EXCLUSION FOR SUBJECT PROJECT WITH THE CONDITION THAT PRIOR TO IMPLEMENTATION, THE MISSION ENVIRONMENTAL OFFICER REVIEW PROJECT ACTIVITIES INVOLVING SMALL BUSINESS PROMOTION OR PROMOTION OF OTHER COMMERCIAL PRODUCTION ACTIVITIES AND RECOMMEND MITIGATIVE MEASURES TO MINIMIZE POTENTIAL ENVIRONMENTAL IMPACTS; OR WHERE SIGNIFICANT ENVIRONMENTAL IMPACTS MAY RESULT, SHALL RECOMMEND COORDINATION WITH THE LAC BUREAU ENVIRONMENTAL OFFICER FOR ADDITIONAL ENVIRONMENTAL REVIEW. NO PESTICIDES MAY BE PROCURED OR USED UNDER THIS PROJECT WITHOUT FIRST RECEIVING THE LAC BUREAU ENVIRONMENTAL OFFICER'S APPROVAL OF THE APPROPRIATE ENVIRONMENTAL ASSESSMENT. IN ADDITION, THIS PROJECT SHALL NOT INVOLVE SUPPORT FOR PROCUREMENT OF EQUIPMENT OR FOR ACTIVITIES

DDD  
ACTION: ~~HR~~ (FILES)  
INFO: HR  
AGR  
D  
*0672*

THAT COULD LEAD TO DEFORESTATION, SUCH AS COMMERCIAL TIMBER EXTRACTION OR ROAD CONSTRUCTION, WITHOUT APPROPRIATE DOCUMENTATION AND APPROVAL.

2. IEE NUMBER IS LAC-IEE-92-35. COPY OF ENVIRONMENTAL THRESHOLD DECISION IS BEING POUCHED TO MISSION FOR INCLUSION IN PROJECT FILES. EAGLEBURGER

BT  
#8898

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U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

LAC-IEE-92-35

REQUEST FOR A CATEGORICAL EXCLUSION

Project Location : Peru

Project Title : Narcotics Education and  
Community Initiatives

Project Number : 527-0347

Funding : \$10,500,000

Life of Project : 5 years

IEE Prepared by : A. Larrabure  
USAID/Peru

Recommended Threshold Decision: Categorical Exclusion

Bureau Threshold Decision : Concur with Recommendation

Comments : Categorical exclusion under 22  
CFR 216.2(c) (2) (i) and  
(c) (2) (iii) as stated in the  
attached IEE with the condition  
that prior to implementation,  
the Mission Environmental  
Officer review project  
activities involving small  
business promotion or promotion  
of other commercial production  
activities and recommend  
mitigative measures to minimize  
potential environmental impacts;  
or where significant  
environmental impacts may  
result, shall recommend  
coordination with the LAC Bureau  
Environmental Officer for  
additional environmental review.  
No pesticides may be procured or  
used under this project without  
first receiving the LAC Bureau  
Environmental Officer's approval  
of the appropriate Environmental  
Assessment. In addition; this  
project shall not involve  
support for procurement of

REQUEST FOR A CATEGORICAL  
EXCLUSION, cont'd.

LAC-IEE-92-35

equipment or for activities that  
could lead to deforestation,  
such as commercial timber  
extraction or road construction,  
without appropriate  
documentation and approval.

*John O. Wilson* Date JUN 11 1992  
John O. Wilson  
Deputy Chief Environmental Officer  
Bureau for Latin America  
and the Caribbean

- Copy to : Craig Buck, Director  
USAID/Peru
- Copy to : Heather Goldman, USAID/Peru
- Copy to : A. Larrabure, USAID/Peru
- Copy to : Carlos Ayala, MEO  
USAID/Peru
- Copy to : Howard Clark, REA/SAM
- Copy to : Olivier Cardunor, LAC/DR/SAM
- Copy to : Robert Kahn, LAC/SAM
- Copy to : IEE File

## ENVIRONMENTAL DETERMINATION

**Project location:** Peru  
**Project title:** Narcotics Education and Community Initiatives  
**Project number:** 527-0347  
**Funding:** FY-92 \$2,000,000 Grant, LOP \$8,500,000  
**Life of Project:** 5 years

### **I. PROJECT GOAL AND PURPOSE**

The goal of the proposed project is to promote definite actions in the public and private sectors aimed at reducing drug production, trafficking and use by raising public consciousness on the drug problem in Peru and its social, political, economic, and health consequences through the consolidation and broadening of the work developed by CEDRO during the last 5 years.

The purpose of the Project is to increase the level of awareness and positive endeavors of the Peruvian people and their institutions concerning drug problems through a private information and education center that will:

1. Permanently inform and educate people regarding the negative consequences of drug production, trafficking and use.
2. Disseminate systematic information concerning the growing problems of drug production and use in the country and the aspects related to these problems.
3. Lobby local authorities, public opinion leaders, and the populace to promote more effective democratic actions at all levels in the fight against the problem of drugs.
4. Provide technical assistance to private and public agencies (Ministry of Education, Ministry of Health, the National Institute of Mental Health, among others), and democratically established organizations acknowledged by the citizens, in the implementation of programs for the prevention of drug trafficking and use. Will collaborate with foreign and international institutions with similar objectives.

5. Support specific research studies and the dissemination of their results on different aspects of the drug problem in Peru.

6. Provide the population, especially the young people at risk of drug production, trafficking, or use with definite alternatives, through specific support programs to be implemented in the main coca production areas as well as in some urban centers.

## II. PROJECT DESCRIPTION

### A. Project Rationale and Description

Project strategy consists in consolidating and broadening the task developed by CEDRO consisting and raising national public consciousness and achieving active involvement of large population sectors in specific actions for the prevention of drug trafficking and use, aimed to promoting the action of political and opinion leaders and of the public and private decision-making agents at all levels, against drug production, trafficking and consumption.

These leaders, and the groups they represent will influence and inform their contracts, urging them to carry out more effective government actions and policies for the reduction of drug production and consumption.

It is evident that the future should lead us towards a more comprehensive management of the problems of drugs and, in this sense, it should:

1. Establish community and public opinion awareness of the high priority of the drug problem particularly in the areas most affected by the problems and areas of high risk, that may lead to the strengthening of the national consensus regarding politics and actions for the eradication of drug abuse, production and trafficking, and to the support of all initiatives, Peruvian, foreign, and international, that may help accomplish this objective.

2. Strengthen the institutions and democratic processes through the work of opinion leaders and decision-makers in order to exercise a positive influence over these audiences, formed by new groups and power centers, concerning the comprehensive policies that need to be designed and actions that should be taken to solve the drug problem. This includes working and promoting the role of the Armed and Police Forces as welfare and development agents and to defend the citizens' rights.

3. Increase community work programs, through income generation actions aimed at preventing youngsters from securing income from criminal activities, particularly drugs and by performing actions to support alternative developments that may contribute to the achievement of the goals proposed at the highest level in the Presidential Summit held in Cartagena, in the Agreements signed by the United States of America and Peru on Drug Control Policy and Alternative Development, and on the international agreements established along the guidelines of the United National International Drug Control Program (UNIDCP).

4. Establish CEDRO as an open forum for discussion and debate of various positions and alternatives for the comprehensive solution of the drug problem at the national and international levels, likewise, as an independent institution obtaining funds from different sources to execute its policies and Action Plan. CEDRO will act as a link between the different political groups and institutions' actions against drug trafficking and availability in Peru.

5. Base the information and communication actions on the most recent national and international studies, on the systematization of the experience acquired in the fight against drugs, and on short, middle, and long term activities planning according to the characteristics of the different age groups and target populations, with the support of an information center that is versatile on technological data available in the market, and broad on availability of audiovisual and printed materials.

6. Base the training and education actions not only on the precise demands of groups and institutions, but on the short, middle, and long term national objectives designed for a comprehensive fight against drugs, orienting the implementation of campaigns and the production of support and self-training material in this same direction, and providing elements to make it possible for the beneficiaries to generate their own income, and self-sustain similar actions upon the completion of the CEDRO support program.

7. Improve people's knowledge of reality as confronted with the drug problem and its solution, by promoting the dissemination and publication of scientific works, and following-up on the condition of public opinion, research on the diversification of data collection methods and techniques, specially of those used at the anthropological level, to study the life cycles and processes involved in drug production, trafficking and consumption *in situ*, particularly that of the coca leaf and its by-products, thus encompassing both quantitative and qualitative research. Similarly, research studies will be extended to cover socio-economic elements.

TB

8. Implement specific and experimental programs focused on age groups and population segments at high risk, including those that have been affected and can be recovered to a healthy and socially acceptable life (Hotline, Natural Leaders, Street Children, Prisons, etc.).

9. Establish a permanent program of preventive actions to meet not only the specific demands of population segments and age groups at high risk, but to be framed in middle and long terms plans.

10. Strengthen the network of public and private institutions established by CEDRO, particularly with the Ministry of Education, to assist in the fulfillment of their goals, and with the Ministry of Health, IDEA, OFECOD, INABIF, the Judicial Power, the Office of the Public Prosecutor, the Regional Governments, the Armed and Police Forces, etc., and in the private field, community institutions, churches, schools, women's organizations, labor unions, etc., to promote the dissemination of similar policies common and/or comparable research studies, exchanges, strengthening of the Latin American Network of institutions promoted by CEDRO, and to complement this task with a strong support to communications, particularly mass media. CEDRO will promote its model program so that it may be duplicated and integrated into other institutions' scope of work.

11. Provide permanent support to initiatives and activities developed by USIS, UNIDCP and other agencies in the field.

## B. Project Components

### 1. Information and Education

- a. Communications
- b. Information Center
- c. Institutional Network
- d. Events
- e. Raising awareness among opinion leaders and local decision making agents
- f. Coordinating role at the Andean level
- g. Special and Experimental Programs

2. Research

- a. Epidemiological Studies
- b. Public Opinion Studies
- c. Research Promotion

3. Education and Technical Assistance

4. Community Support

5. Support of Complementary Drug Abuse Prevention Programs through different Organizations of the Public Sector

6. Administration

### III. ENVIRONMENTAL DETERMINATION

#### Statement of Categorical Exclusion

It is the opinion of USAID/Peru that this Project does not require an Initial Environmental Examination because its activities are within the classes of actions described in Section 216.2, paragraphs c(2)(i) and c(2)(iii) "Categorical Exclusions" of 22 CFR Environmental Procedures Part 216, which read as follows:

"Section 216.2 c(2)(i)

Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.);"

"Section 216.2 c(2)(iii)

Analyses, studies, academic or research workshops and meetings."

#### Concurrence by Mission Environmental Officer and Mission Director

We have reviewed the above statements and concur with the determination that the Project "Drug Education and Public Awareness" does not require an Initial Environmental Examination.



Carlos Ayala  
Environmental Officer



Craig G. Buck  
Director

03/27/92  
Date

4/9/92  
Date

ACTION MEMORANDUM FOR THE DIRECTOR

DATE: April 1, 1992

FROM: Edith Houston *EH* Chief, DDD  
THRU: *H. Goldman* Goldman, Actg. Chief, HR  
SUBJECT: Project Identification like Document  
Project No. 527-0347

ACTION REQUESTED:

You are requested to approve the Project Identification like Document for the Narcotics Education and Community Initiatives (NECI) Project No. 527-0347 including the categorical exclusion of the need for an Initial Environmental Examination. The plan is to obligate \$2 million in FY 92 for this five year activity, with a total of \$8.5 million planned during the LOP. Please note that "PID-like" refers to a PVO proposal which is judged to provide sufficient detail to allow invitation for a full project (grant) proposal. It does not mean that the document includes every section which would be expected in a PID for a USAID bilateral project.

BACKGROUND:

The NECI Project will be a follow-on to the current Drug Education and Public Awareness (DEPA) Project, scheduled to end in September 1992. CEDRO, which is registered as a PVO, is the implementing agent for DEPA. CEDRO proposes to play the same role for NECI.

Complete national awareness of drug problems in Peru has not been achieved yet, especially in areas addressing the social, political and economic consequences of drug activities in Peru and the Andean Region.

CEDRO submitted a preliminary proposal for the new project on January 24, 1992. The USAID Project Committee met on January 31, with CEDRO officials (Mr. A. Vassilaqui and Ms. Masías) to discuss the preliminary proposal and to give Mission feedback. The meeting was attended by the Director and representatives of the committee from OER, HR, PDP and CONT (R. Goldman, E. Kerst, H. Goldman, M. Broady, E. Houston, L. Ibañez and A. Larrabure). CEDRO's preliminary proposal was analyzed and discussed, and suggestions for its improvement were provided by the attendees. Considering CEDRO's design and implementation performance under current project, the Mission's simplified design policy, and the need to move ahead quickly to provide program continuity, the committee agreed that CEDRO's preliminary proposal could be considered as the PID-like document which would be sufficient for a decision to allow final design, and that the issues and comments raised by the participants will be addressed by CEDRO in their final proposal which will be considered as the Project Paper-like document. This meeting was followed by a second one on February 10 (without the presence of CEDRO representatives) in which more issues were discussed, which are mentioned in the attached letter that we will send to CEDRO for incorporation into their final proposal.

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A copy of the CEDRO document was also forwarded to USIS for their information. Their comments were submitted directly to CEDRO.

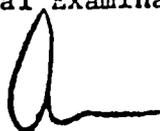
On February 7, CEDRO submitted a second version of their preliminary proposal which deals with some of the comments made by USAID and USIS. CEDRO needs to expand on the issues specified in the letter we are sending to them.

In the meanwhile, the Controller's Financial Management Division is carrying out a pre-award survey to assess CEDRO's financial management capability, personnel, procurement, travel policies, etc., in compliance with HB 13 requirements. In accordance with recent audit regulations, CEDRO will contract directly for annual audits of the Program. Three evaluations will be carried out during the LOP (2 interim evaluations in FY-93 and 95 and a final in FY-96).

At this time we do not anticipate the need for any waivers, however a justification for non-competitive selection of grantee (Sole source) will be included in the PIO/T that will request the RCO to execute a grant agreement to provide CEDRO the resources required to implement the new project. This arrangement was suggested by the RCO.

RECOMMENDATION:

That you indicate your approval of the Narcotics Education and Community Initiatives Project, No. 527-0347, PID-like document, by signing this Action Memorandum, the PID facesheet and the categorical exclusion of the Initial Environmental Examination.

Approved:   
Craig G. Buck

Disapproved: \_\_\_\_\_  
Craig G. Buck

Date: 4/9/92

Attachments:

(1) PID Facesheet, (2) CEDRO's Preliminary Proposal, (3) Environmental Determination, (4) USAID's Response letter to CEDRO.

*NA*  
Drafted by: A.Larrabure

Clearances:

A/HR: HGoldman (ID)  
SPD: MBroadly (ID)

PDP: EKerst (ID)  
OER: RGoldman (ID)  
DD: BKennedy BK

CONT: JMartin (ID)  
EXO: JVarley (ID)

cc. RCO: JDunlap

## Annex N

### PID Issues and Response

Several issues were raised at the time of the PID-Like Document review in Lima as well as during the preparation of the PP.

Issue 1. As in the case of the DEPA Project, CEDRO's ability to accomplish complete financial self-sufficiency towards the end of LOP remains be a concern.

Response: In its five years of existence CEDRO has raised a \$150,000 endowment fund. However, this presently does not provide enough revenues to cover CEDRO's current administrative costs. This relatively low amount is the consequence of Peru's critical economic situation--2,200% inflation in recent years-- and the former legal restriction against holding bank accounts in foreign currency. The principal contributions to CEDRO (besides USAID assistance) have been in-kind support such as free TV, radio and newspaper space. Contributions in cash from third donors have been to cover program costs, in most cases excluding overhead to cover CEDRO's administrative costs. In spite of this, CEDRO has been able to raise an endowment fund of \$150,000, mostly from the Peruvian private sector. In order to raise CEDRO's endowment fund to an adequate level (not less than \$850,000) which would provide enough revenue to cover at least the administrative costs of a shortened in size institution, the Mission has agreed that the NECI Project should cover 100% of CEDRO's administrative costs over the LOP and allow contributions obtained from other donors to increase CEDRO's endowment fund. In reaching this agreement, the following condition were established:

a. The PP and the Cooperative Agreement should state very clearly as a condition precedent to disbursing funds to CEDRO in the third month of the LOP, that in the first two months, CEDRO will contract with an accounting specialist or firm to design a system to identify and properly calculate the proportion of indirect costs that CEDRO should apply to each one of its programs. By the end of the first year CEDRO should determine these costs, even though the USAID Project shall cover 100% of them. CEDRO shall agree, that even though the Project is financing the administrative costs, the institution shall seek from third donors their contribution to CEDRO's endowment fund for carrying out the their programs.

b. In six months CEDRO will develop a realistic plan, with targets and benchmarks, for achieving financial self-sustainability. Each year USAID will closely monitor how the endowment fund is increased to reach at least the \$800,000 target.

CEDRO expects that by the end of the LOP it can obtain not less than \$320,000 per year to cover their administrative costs. These will be originated from: revenues from

the endowment fund \$100,000, third donor contributions \$120,000 and GOP support for the Street Children program's administrative costs \$100,000.

Issue 2. The issue has been raised as to whether it would be feasible for CEDRO to effectively carry out the research and community-designed drug prevention activities in high risk areas, like the Upper Huallaga Valley (UHV) and other coca-growing areas.

Response: CEDRO will not necessarily directly perform these activities in high risk areas. Institutions within, as well as outside of CEDRO's institutional network will be used, both in Lima and in provinces. These are established regional institutions that are well accepted by the local population, and which have received technical assistance from CEDRO since 1988.

Issue 3. The PP's economic analysis should elaborate on the nature of the "hidden economic costs" of not undertaking the Project and, as possible, quantify such costs to society.

Response: The PP examines the hidden cost of not doing the Project. Such costs are described in terms of law enforcement, corruption, threats to national security, loss of worker productivity, depressed under valued \$/Sol exchange rates, reduced health-status, decreased food production, and the breakdown in social values. Although the quantification of these costs is extremely difficult, there is one quantifiable benefit from the relation between drugs and productivity of labor. This can be determined by measuring how much additional net salary income would obtain the benefitted persons if the educational program is a success. As explained furtherly in the Economic Analysis section, the Project can be financially justified if the drug prevention program reaches around 293,000 persons.

CEDRO'S OUTPUTS

	<u>April</u>	<u>Accum.</u> <u>1992</u>	<u>Accum.</u> <u>To Date</u>
1. Conferences and Seminars supported by CEDRO	1	13	178
2. Conferences support			
2.1 within the country	0	0	116
2.2 outside the country	1	1	45
3. Publications developed			
3.1 Informative bulletins	1	6	43
3.2 Scientific magazines	0	3	18
3.3 Weekly articles in newspapers	22	86	1,529
3.4 Investigations summaries	0	0	10
3.5 Preventive Interventions	0	0	4
4. Developed Pamphlets and others			
4.1 Pamphlets	0	0	122
4.2 Handbooks	1	2	44
4.3 Posters	0	0	27
5. Developed Radio spots	0	0	25
Developed TV spots	1	2	10
6. News publications in newspaper	85	282	3,247
7. Radio presentations	21	65	443
8. TV presentations	2	8	364
9. Number of training courses			
9.1 in CEDRO	1	1	112
9.2 in other institutions	6	31	4,766
10. Number of trained and informed persons	1,698	6,607	464,738
11. Number of organizations incorporated to the network	0	0	1,985
12. Documentation Center			
12.1 Acquisitions	120	472	8,491
12.2 Responded information requests	517	1807	30,629
12.3 Number of persons that have used the services of the Center	270	1030	21,417
12.4 Number of publications diffused	1,481	8,947	613,327

13. Others			
13.1 Translations	0	0	97
13.2 Written proposals	0	0	94
13.3 Training outside of the country	1	1	23
13.4 Fellowships granted	0	0	28
14. Number of institutions that have received technical assistance	7	36	1001

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**CEDRO's Senior Staff**

- o Alejandro Vassilaqui - Executive Director
- o Carmen Masías - Deputy Director
- o Maritza Rodriguez - Research Director
- o Raúl Serrano - Director of Communications
- o Dwight Ordoñez - Special Projects Director
- o Carmen Leveratto - Administration-Accounting
- o Liubenka Obrenovich - Information Center Director
- o Antonio Lara - Training and Technical Assistance Assistant

In addition to this small group, there are approximately 100 consultants and promoters currently serving CEDRO almost on a full-time basis, on a variety of programs that are being carried out, and whose participation on this new stage will be very important; among them we can mention:

- o Delicia Ferrando- Sociologist
- o Cecilia Vega-Centeno - Economist
- o Antonio Guevara - Industrial Engineer
- o Carlos Chu-Sion - Engineer, Expert in Systems
- o Eleodoro Valencia - Lawyer
- o Daniel Vásquez - Procedural lawyer
- o Víctor Lora - Lawyer, Expert in High Risk Population Programs
- o Saúl Mankevich - Educator, Advertising Expert
- o Ana Tallada - Sociologist and Educator
- o Ramiro Castro de la Mata - Pharmacologist
- o Walter Griebenow - Psychiatrist
- o Humberto Napurí - Psychiatrist
- o Mariano Querol - Psychiatrist
- o Roberto Lerner - Psychologist
- o Nora Rivas-Plata - Psychologist, Expert in Neuropsychology
- o Marina Piazza - Psychologist, Drug Prevention Expert
- o Edwin Peñaherrera - Psychologist, Expert in Distance Education
- o Mónica Echeandía - Educational Psychologist
- o Carmen Barco - Psychologist, Expert in Labor Affairs
- o Liliana Janssen - Psychologist, Expert in Prisons
- o Elsa Arellano - Social Psychologist, Expert in Evaluation
- o Isabel Guillén - Educational Psychologist, Expert in Mining and Peasant Affairs

- Laura Barrenechea - Organizational Psychologist,  
Expert in Religious Affairs
- Cecilia Besso - Graduate in Social Action, Social  
Service Expert
- Carlos Córdova - Social Communicator
- Gustavo Ascacibar - Social Communicator

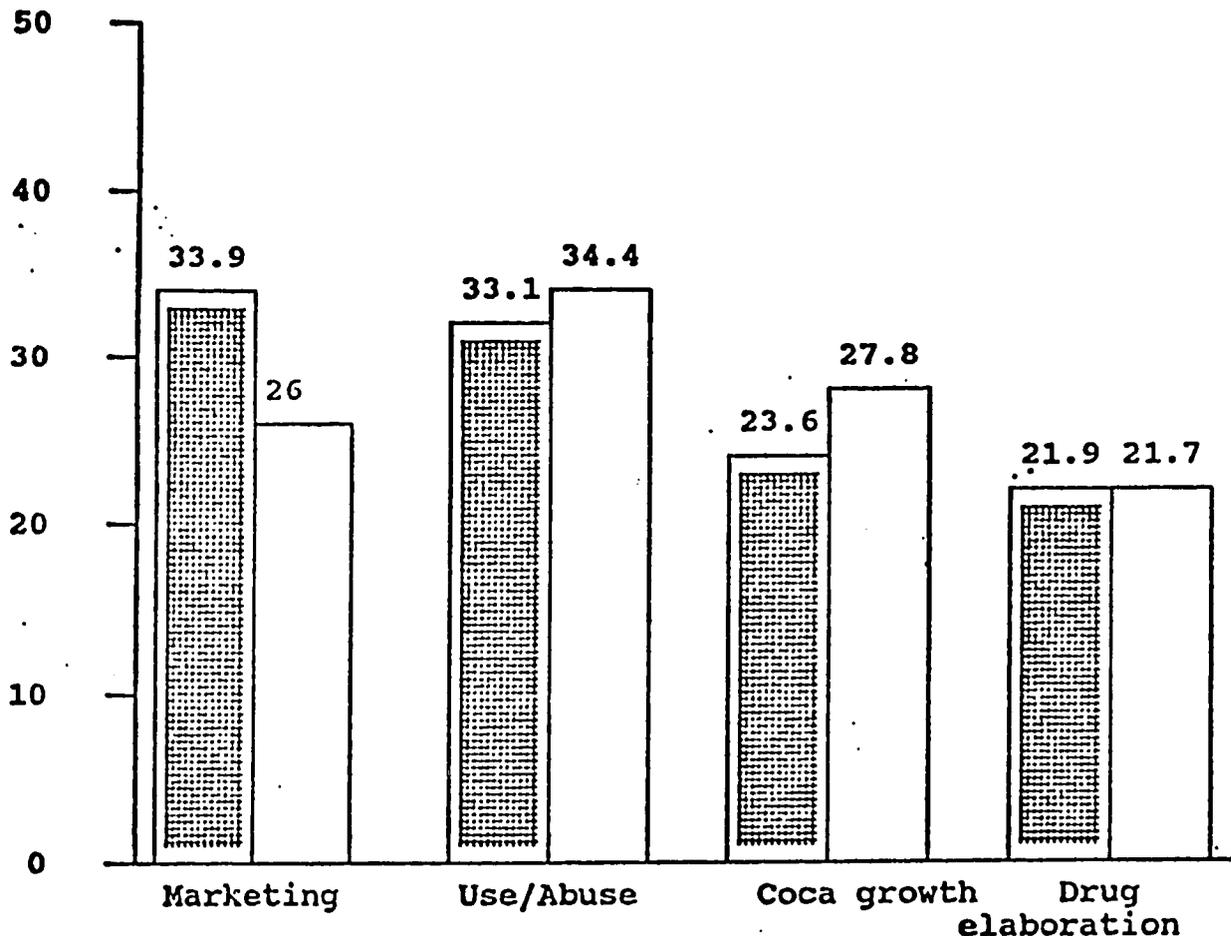
PERCEPCION DE LOS PROBLEMAS NACIONALES (POR SEXO Y EDAD)

(Primera intención)

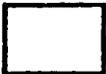
VARIABLES		CRISIS ECONOMICA/ INFLACION	DESEM- PLEO	TERRO- RISMO	DROGAS	NARCO- TRAFICO	ALCOHO- LISMO	FALTA DE SERVICIOS	DELIN- CUENCIA	OTROS NO OPINA
TOTAL	(12 539)	47.7	7.9	14.4	9.0	1.6	0.7	7.4	3.1	8.2
SEXO										
Hombres	(5 931)	46.6	8.4	15.4	9.0	2.2	0.6	7.2	2.9	7.7
Mujeres	(6 608)	48.7	7.4	13.5	9.0	1.1	0.8	7.7	3.4	8.4
EDAD										
15 - 19	(2 824)	45.6	7.0	12.7	11.3	2.2	0.9	6.6	3.7	10.0
20 - 24	(2 151)	44.9	8.1	18.3	9.2	1.9	0.7	7.0	2.4	7.5
25 - 29	(1 576)	47.1	9.4	13.9	9.3	1.0	0.5	6.8	2.6	9.4
30 - 39	(2 765)	53.2	7.1	12.0	9.5	1.4	0.9	6.3	3.0	6.6
40 - 60	(3 226)	47.0	8.4	15.5	6.4	1.4	0.5	9.7	3.6	7.5
LIMA	(3 367)	46.3	7.3	15.9	9.5	0.5	0.2	10.0	2.5	7.8
SEXO										
Hombres	(1 641)	44.7	8.7	15.8	9.7	1.0	0.0	8.9	2.5	9.1
Mujeres	(1 726)	48.3	5.9	16.0	9.3	0.0	0.4	11.1	2.5	6.5
EDAD										
15 - 19	(714)	46.0	5.8	15.8	14.5	1.4	0.0	4.8	2.8	8.9
20 - 24	(540)	43.3	6.2	19.1	9.2	1.2	0.4	9.5	4.2	6.9
25 - 29	(424)	44.7	7.1	13.5	10.0	0.0	0.0	13.4	0.0	11.3
30 - 39	(827)	51.1	7.9	13.8	6.9	0.0	0.2	9.7	2.3	8.1
40 - 60	(862)	44.8	8.6	17.0	7.6	0.0	0.4	13.3	2.7	5.6
PROVINCIAS	(9 173)	48.2	8.1	13.8	8.9	2.0	0.9	6.5	3.4	8.2
SEXO										
Hombres	(4 290)	47.5	8.3	15.3	8.7	2.7	0.8	6.5	3.0	7.2
Mujeres	(4 883)	48.8	7.9	12.6	9.0	1.5	1.0	6.5	3.7	9.0
EDAD										
15 - 19	(2 109)	45.5	7.4	11.6	10.2	2.5	1.2	7.2	4.0	1.4
20 - 24	(1 611)	45.4	3.8	18.0	9.2	2.1	0.9	6.1	1.7	7.8
25 - 29	(1 152)	48.0	10.2	14.1	9.0	1.4	0.6	4.4	3.6	8.7
30 - 39	(1 937)	54.0	6.8	11.2	10.6	2.0	1.2	4.9	3.2	6.1
40 - 60	(2 363)	47.7	8.4	15.0	5.9	1.9	0.5	8.4	3.9	8.3

( ) = N° de casos

**GRAPH 1**  
The Most Serious Aspects of the Problem according to the Interviewees, an to the Area of Residence



Source: CEDRO Monograph No.6 "Peruvian Leader: Opinion and Actitudes on Drugs". Ferrando, D. 1991

 Provincia  
 Lima

**Information relative to High schools in Peru**

Number of schools: 5,672 (1)

-Public schools 4,550

-Private schools 1,122

Number of teachers: 89,294 (2)

-In public schools 74,260

-In private schools 15,034

Number of students: 1,781,327 (3)

-In public schools 1,514,101

-In private schools 267,226

Note: The Ministry of Education with funding from the USAID Project 527-0288 is benefitting thru CY 92 with the new Drug Prevention School Curriculum:

(1) 114 schools (2%)  
 (2) 9,000 teachers (10%)  
 (3) 200,000 students (11%)

Source: Ministry of Education-COPUID  
 June 1992

PREVALENCIA DE VIDA (USÓ ALGUNA VEZ) DE LA POBLACIÓN URBANA DE  
15 A 24 AÑOS, SEGÚN REGIÓN NATURAL DE RESIDENCIA: 1988 Y 1991

SUSTANCIA	REGION NATURAL	1988 <sup>1/</sup>		1991 <sup>2/</sup>	
		15 a 24 años		15 a 24 años	
	POBLACION TOTAL	N	%	N	%
		Expandido		Expandido	
		2'680,563		3'273,724	
PBC (Pasta Básica de Cocaína)	POBLACION USUARIA	61,864	2.3	94,325	2.9
	Lima	47,651	1.5	56,566	1.7
	Resto de Costa	11,163	0.6	21,780	0.7
	Sierra	1,496	0.1	12,790	0.4
	Selva	1,554	0.1	3,189	0.1
COCAÍNA	POBLACIÓN USUARIA	29,202	1.1	39,747	1.2
	Lima	24,817	0.9	30,459	0.9
	Resto de Costa	3,953	0.2	3,339	0.1
	Sierra	0	0.0	4,564	0.2
	Selva	432	0.02	1,385	0.04

<sup>1/</sup> Ferrando, Delicia. Uso de drogas en las ciudades del Perú. Encuesta de hogares - 1988. Lima: CEDRO, 1990.

<sup>2/</sup> Ferrando, Delicia. Los jóvenes en el Perú. Opiniones, actitudes y valores. Encuesta nacional de hogares - 1991. Lima: CEDRO, 1992.

PREVALENCIA DE VIDA (USÓ ALGUNA VEZ) DE LA POBLACIÓN URBANA DE  
15 A 24 AÑOS: 1988 Y 1991

SUSTANCIA	POBLACION USUARIA DE 15 A 24 AÑOS	POBLACION USUARIA DE 15 A 24 AÑOS
	1988 <sup>1/</sup>	1991 <sup>2/</sup>
	N EXPANDIDO	N EXPANDIDO
PBC (Pasta Básica de Cocaína)	61,864	94,325
COCAÍNA	29,202	39,747
TOTAL	91,065	134,072

<sup>1/</sup> Ferrando, Delicia. Uso de drogas en las ciudades del Perú. Encuesta de hogares - 1988. Lima: CEDRO, 1990.

<sup>2/</sup> Ferrando, Delicia. Los jóvenes en el Perú. Opiniones, actitudes y valores. Encuesta nacional de hogares - 1991.

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**FORMAS COMO AFECTA AL PAIS LA PRODUCCION, EL TRAFICO  
Y EL CONSUMO DE DROGAS**

CARACTERISTICAS	TOTAL	PERDIDA DE VIDAS	PERDIDA DE PRODUCCION	AFECTA A LOS JOVENES	FOMENTA EL VICIO	CORROMPE AUTORIDADES	OTROS	NO SABE
<b>LIMA METROPOLITANA</b>								
<b>PRODUCCION</b>								
<b>TOTAL</b>	100.0	8.4	7.8	37.4	21.4	5.4	13.8	5.8
<b>SEXO</b>								
Hombres	100.0	10.1	8.8	35.1	22.4	6.5	13.0	4.1
Mujeres	100.0	7.0	7.0	39.4	20.5	4.5	14.4	7.2
<b>NIVEL EDUCATIVO</b>								
Sin nivel hasta 3º de Primaria	100.0	8.9	6.6	31.7	17.5	3.4	15.4	16.5
4º y 5º Primaria	100.0	9.6	4.3	38.9	21.3	4.1	13.6	8.1
Secundaria	100.0	9.0	6.8	39.7	21.3	5.3	12.5	5.4
Superior	100.0	6.2	13.1	31.3	22.7	7.1	17.0	2.6
<b>ESTRATO</b>								
Alto y Medio	100.0	5.3	11.8	31.0	23.6	5.5	17.2	4.9
Popular	100.0	9.5	6.6	39.4	20.7	5.3	12.4	6.1
<b>TRAFICO</b>								
<b>TOTAL</b>	100.0	8.9	5.2	35.8	20.0	12.1	12.7	5.3
<b>SEXO</b>								
Hombres	100.0	8.7	5.0	35.0	20.0	14.8	12.7	3.8
Mujeres	100.0	9.1	5.5	36.6	20.0	9.5	12.7	6.6
<b>NIVEL EDUCATIVO</b>								
Sin nivel hasta 3º de Primaria	100.0	9.3	4.1	39.8	17.1	4.5	12.8	12.4
4º y 5º Primaria	100.0	6.6	4.0	47.2	15.0	9.1	11.8	6.3
Secundaria	100.0	9.1	4.1	36.0	21.0	11.6	11.7	5.9
Superior	100.0	9.4	7.5	28.5	20.5	16.6	15.9	1.6
<b>ESTRATO</b>								
Alto y Medio	100.0	6.8	6.5	27.6	24.6	9.4	20.4	4.7
Popular	100.0	9.5	4.9	38.5	18.5	12.9	10.2	5.5
<b>CONSUMO</b>								
<b>TOTAL</b>	100.0	11.5	11.3	43.4	12.7	3.0	14.3	3.8
<b>SEXO</b>								
Hombres	100.0	11.8	11.7	40.6	13.6	4.5	14.6	3.2
Mujeres	100.0	11.3	10.9	45.9	11.8	1.8	13.9	4.4
<b>NIVEL EDUCATIVO</b>								
Sin nivel hasta 3º de Primaria	100.0	11.5	4.1	46.6	12.5	3.3	10.7	11.3
4º y 5º Primaria	100.0	11.0	5.5	44.8	13.3	1.9	18.2	5.2
Secundaria	100.0	12.1	10.9	44.6	12.7	2.6	12.9	4.2
Superior	100.0	10.5	17.3	38.2	12.2	4.8	16.7	0.3
<b>ESTRATO</b>								
Alto y Medio	100.0	10.1	14.7	35.6	14.1	2.5	18.7	4.3
Popular	100.0	12.0	10.2	45.8	12.2	3.2	12.9	3.7

TABLE 3  
Urban Population from 12 to 50 Years of Age (1991)

SUBSTANCE	EVER USED (Lifetime prevalence)	CURRENT USERS (Last month)	RECENT USERS (2 - 12 months)
PBC (4.9%)	430,000	64,500	70,000
- Lima (6.3%)	235,000	47,000	42,000
- Provinces (3.9%)	195,000	17,500	28,000
COCAINE (1.5%)	131,900	33,000	6,595
- Lima (2.3%)	85,500	21,400	5,700
- Provinces (0.9%)	46,400	11,600	895
TOTAL PBC + COCAINE	Can't be added up because there are many poli- users	97,500	76,595

SOURCE: CEDRO, projected according to the 1988 and 1990 epidemiological studies.

OVERALL BUDGET  
(US\$ 000,)

ANNEX

Component/Activity	A.I.D. Grant	Counterpart	Total
<u>Program Costs</u>			
.Information and Education for Drug Abuse Prevention			
.) Information	1725	1300	3025
.) Educational Activities	315	0	315
.) Research	890	0	890
.) Training/T.A.	1020	0	1020
.) Support Other Sectors	240	0	240
.Support to National Education	650	500	1150
.Community Support	1820	500	2320
.Street Children	300	800	1100
<u>Administrative Support Costs</u>			
.Operational Costs	800	0	800
.Technical Assistance	100	0	100
.Evaluations	100	0	100
.Audits and Financial Reviews	100	0	100
Sub Total	8060	3100	11160
Contingencies	740	0	740
Grand Total	8800	3100	11900

OVERALL BUDGET BY SOURCE  
(US\$ 000,)

## ANNEX

Component/Activity	A.I.D. Grant		Counterpart	
	FX	LC	FX	LC
<u>Program Costs</u>				
1. Information and Education for Drug Abuse Prevention				
a.) Information	530	1195	0	1300
b.) Educational Activities	0	315	0	0
c.) Research	220	670	0	0
d.) Training/T.A.	110	910	0	0
e.) Support Other Sectors	0	240	0	0
2. Support to National Education	130	520	0	500
3. Community Support	200	1620	0	500
4. Street Children	30	270	400	400
<u>Administrative Support Costs</u>				
5. Operational Costs	350	450	0	0
6. Technical Assistance	100	0	0	0
7. Evaluations	100	0	0	0
8. Audits and Financial Reviews	100	0	0	0
Sub Total	1870	6190	400	2700
Contingencies	130	610	0	0
Grand Total	2000	6800	400	2700

ANNEX

GRANT FUNDS EXPECTED DISBURSEMENTS BY YEAR  
(US\$ 000,)

Component/Activity	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Program Costs</b>						
<b>1. Information and Education for Drug Abuse Prevention</b>						
a.) Information	465	435	395	210	220	17
b.) Educational Activities	105	100	35	50	25	3
c.) Research	255	235	200	105	95	8
d.) Training/T.A.	285	300	220	115	100	10
e.) Support Other Sectors	115	45	40	20	20	2
<b>2. Support to National Education</b>	125	125	125	120	155	6
<b>3. Community Support</b>	450	490	360	300	220	18
<b>4. Street Children</b>	180	120	0	0	0	3
<b>Administrative Support Costs</b>						
<b>5. Operational Costs</b>	160	160	155	160	165	6
<b>5. Technical Assistance</b>	100	0	0	0	0	1
<b>7. Evaluations</b>	20	20	20	20	20	10
<b>3. Audits and Financial Reviews</b>	20	20	20	20	20	10
<b>Sub Total</b>	2280	2050	1570	1120	1040	800
<b>Contingencies</b>	220	215	160	80	65	7
<b>Grand Total</b>	2500	2265	1730	1200	1105	807





USAID / LIMA  
MAIL ROOM  
17 SET. 1992  
RECEIVED

Lima, 15th., September 1992

*HL*

Mr. CRAIG G. BUCK  
Director  
USAID/PERU

*2/12/92*

Dear Mr. Buck:

Following our pre-proposal dated May 28th., 1992, we are pleased to submit to your consideration our proposal "Narcotics Education and Community Initiatives" (NECI) for which we request a United States Government Grant of US\$8,800,000 over a period of five years.

This proposal is based on the work developed and the experience acquired by CEDRO on the field of drug abuse prevention over the last six years and which has placed CEDRO as the leading local institution in such field in Peru.

This Narcotics Education and Community Initiatives (NECI) proposal would be established as a follow-on project to the Drug Education and Public Awareness project (DEPA) which received a USAID's grant on 1986.

Under the DEPA project, CEDRO developed a vast number of initiatives in relation to the prevention of drug production, trafficking and abuse in the fields of research, raising of public consciousness among the people of Peru and its leaders, mass media campaigns, training, community work, preventative and income generation programs, assistance to the educational, health and justice initiatives of the Peruvian Government, special programs for high-risk populations, etc.. Through its work, CEDRO developed into a highly respected institution which obtained the support of the different sectors of Peruvian society and extended its action nation-wide and internationally in order to challenge the problem of drugs in Peru.

The increased knowledge and understanding of the different aspects of the drug problem promoted by CEDRO in Peru and in the Andean Region has led scores of individuals and groups to begin and sustain activities aimed to counter the production, trafficking and use of drugs which have started to have a "snow-ball effect" on the field among all social sectors nation-wide, thus creating a general trend that will favor, through the implementation of this NECI project, the adoption of an effective and aggressive Peruvian Government and private sector policy and actions in order to counter illegal coca plantation, drug trafficking and use in Peru.

ACTION 000 / 1/2  
INFO HL  
Curia

The goal of this NECI project is to progressively replace coca based employment and foreign exchange income with legal alternatives through:

1. The consolidation of CEDRO's efforts on drug research, raising of public consciousness on the drug problem and building of support for the Peruvian Government in order to promote more effective democratic actions among all sectors of society in the fight against drugs.

Thus the NECI project's rationale is based on the understanding that a country must develop a high level of knowledge and awareness of its drug problem and obtain public support before it can carry meaningful activities and hold government institutions accountable for furthering drug fighting efforts.

2. CEDRO, as main implementor of the NECI project, will additionally provide assistance to the public education sector in order to expand a drug prevention curriculum in high schools nation-wide.
3. CEDRO will give support and assistance directly and through institutions affiliated to CEDRO's network, to local communities in or close to coca-growing areas in order that they implement drug prevention activities and income generation programs. On this last endeavour CEDRO will work in close relation with the Upper Huallaga Development Project, currently sponsored by USAID, and other similar initiatives.

Concrete actions aimed to gather, analyze and disseminate information on the negative effects of drug production, trafficking and use will be particularly concentrated, as an educational effort, in coca-growing areas, enticing its population to awaken and support programs designed to counteract drug production whilst alternative and legal income generation activities are developed, thus collaborating in the reorientation of the economy of these zones.

It is expected that by the end of the project CEDRO's action will reach over 1'000,000 beneficiaries. This would fully guarantee and adequate cost/benefit output for the funding provided under the requested grant of US\$.8'800,000.

Provisions will be taken since the beginning of the project in order to assure the implementation of a fund-raising and institutional endowment scheme, which by 1997 is expected to have provided US\$.850,000 in order to guarantee the continuation of CEDRO's activities after the end of the funding provided under this grant.

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Mr. CRAIG G. BUCK

During the development of the NECI project, CEDRO will fully continue its permanent policy of coordination and complementation of actions with AID, USIS, NAS, NIDA and other international and foreign agencies as UNDCP, EEC, IDB, GTZ, ODA, Kellogg Foundation, The Partners of the Americas and others.

As overall indicators of achievement of the present NECI proposal's purposes the following results by the end of the project are expected:

- a) An increasing and wide public support and funding for efficient and aggressive law enforcement activities.
- b) A wide range of locally conceived community preventative programs, particularly in high-risk populations and coca-growing areas.
- c) Self-sustainable and expanded drug abuse educational programs in private and public high schools nation-wide.
- d) A self-sustainable and nation-widely influent private drug prevention, information and education centre, which will continue to carry-on its programs and activities in an independent way after the end of the proposed AID funding period.

The components of the NECI proposal would be organized as follows:

COMPONENT I : Consolidation of CEDRO as a country widely reknowned, private, non-partisan, financially self-sustainable drug information and education center

This component is to be carried-out through the development of the following activity lines:

## 1. INFORMATION

### 1.1. Dissemination of Information

This activity will continue to be based on the most recent national and international available studies including those carried-out by CEDRO's research unit, as well as on the experience obtained from target-population tailored programs to fight drug production, trafficking and use and the support of CEDRO's well equipped information center (library, audiovisual and printed material). The Center will continue its successful policy of permanent transmission of its anti-drug messages in order to increase drug awareness among the general public.

and specific target populations. CEDRO will also entice the audiovisual, radio and written media to develop its own anti-drug campaigns and to build-up social pressure in order that the Peruvian Government carries-out an effective and aggressive action against drug production and trafficking. The participation of the general population and of community members will be encouraged in the development of television and radio spots and programs. All material will be pre and post-tested by CEDRO in order to assure its adequateness and high-rate of acceptability and access to the general public and to specific target populations.

CEDRO will also continue its policy of running yearly contests among journalists in order to incentivate the interest of the local media on drug-related issues.

CEDRO's Information Center will continue providing library, data bank, films and video material services to the general community on a wide list of topics related to drug issues and will also provide support to the computer needs of other institutions through the use of its Rom Compact Disk (CD). As a new programme under this activity line, CEDRO will gather and disseminate quarterly data on the amount of resources invested by the Peruvian Government in the fight against drugs.

CEDRO will sponsor and participate in national and international events aimed to strengthen democracy, national peace and drug awareness and will encourage meetings of local community or national and foreign opinion leaders and experts at an important number of academic events, workshops, courses and international seminars to be regularly organized by CEDRO or at which CEDRO's representatives will participate.

Special efforts will be carried-out in order to create increased awareness of the consequences of drug production, trafficking and use among the new generation of local government officials, businessmen, politicians, leaders of grass-roots organizations, regional governments, government officers at the Special Upper Jungle Project, judges and Ministries officials, teachers, labour and religious leaders, the police, the public attorney office's members, members of professional orders, etc.

#### 1.2 Expansion and Reinforcement of CEDRO's institutional network

The reinforcement and expansion of CEDRO's national and international institutional networks is a key element to

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the expansion and widening effects of CEDRO's activities. The actual dimension of CEDRO's current national institutional network is expected to grow by 25% through the next five years in order to attain a 2,500 institutions membership. The main goal in this area will be the assistance to community groups, with emphasis on coca-growing areas, for the consolidation of the activities and own-conceived preventative and drug fighting programs

At the international and Latin American level, CEDRO will promote the development of a common Latin American policy against drug production, trafficking and use and will strenghten and promote the membership of new institutions into the Andean Network.

A subsidiary product of this activity line will be the establishment of an up-to-date data base on all non-governmental agencies concerned or involved in the fight against drugs, as well as the dissemination of information on on-going programs in the field among these through the publication of a sub-regional bulletin.

2 RESEARCH

CEDRO will continue carrying-out annual public opinion surveys on drug related issues and will conduct three epidemiological studies, three opinion leaders surveys and two youth attitudes surveys throughout the lenght of the project.

Special anthropological research will be carried-out in order to establish a socio-anthropological and economic profile of the populations living or surrounding coca-growing areas. This information will serve as basis for the design and implementation of alternative development programs and to increase the knowledge of decission makers on the relation between drug production, drug use and social violence.

Social, economic and opinion studies on these zones' target population will improve the knowledge on coca-growing peasants' attitudes towards the drug problem, crop substitution and alternative development schemes as well as on governmental initiatives in this field.

3 TRAINING AND TECHNICAL ASSISTANCE

Under the original DEPA project, CEDRO carried-out 4,766 courses and conferences to a wide variety of publics and provided material and technical assistance to an important number of public and private institutions, thus training 464,738 persons on different drug related issues.

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Under the proposed NECI project CEDRO expects an additional 1'000,000 of Peruvians to be benefitted by its training programs, as well as to periodically train and offer refresher courses to its promoters on different educational methodologies and drug-related issues.

4. SPECIAL PROGRAMS AND SUPPORT TO OTHER INSTITUTIONS

During the DEPA project's development, CEDRO implemented and tested a score of experimental/special programs that combine educational technology with social and clinical psychology in order to address the needs of young high-risk populations.

The NECI project along with the aid of other donors, will support the development and dissemination of the workmodel of the program "Natural Leaders" (a high school training and peer-group counselling program) and "Hotline" (a telephone and face-to-face counselling and information service for drug-users and their families).

The NECI proposal will also include the eventual grant of limited financial support for health sector initiatives and other institutions' programs which prove to be sound both from the technical and the self-sustainability points of view.

Likewise, CEDRO will also contribute to assist and improve the Administration of Justice process and will favor the linking of community activities with the carried-out by the police and justice administration.

At a wider level, CEDRO will permanently coordinate its actions with and support those developed by AID, USIS, NAS, NIDA, UNDCP, GTZ, Kellogg Foundation, The Partners of the Americas and other foreign and international leading institutions in the field and governments, particularly those of the Andean Region.

5. CEDRO'S ADMINISTRATION

During the NECI project's development, CEDRO will keep its reduced number of core staff at its present level (16) and will contract an average 130 persons/month during the first half of the project's duration in order to develop the specific tasks of the above mentioned activity lines.

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Due to CEDRO's national network operativeness, no other branch office will be opened throughout the project's life. In order to assure the self-sustainability of the institution after the end of the project's funding, CEDRO's Board and its Executive Director will develop during the first six months of the project a realistic endowment plan aimed to rise a US\$ 850,000 endowment fund by the end of the project's life.

If by 1997 the endowment fund has not reached such dimensions, the institution will assure the continuity of an important part of its activity lines by reducing its administrative staff by half.

Other main task of CEDRO's Administration will be to identify and establish a proportion of administrative costs that CEDRO should apply to other programs funded by third parties or others donors.

COMPONENT II : Development of prevention programs in high schools and assistance to the Educational Sector in the implementation of a Drug Prevention Programme nation-wide

The Peruvian Ministry of Education has developed a Drug Prevention Programme whose inclusion in high school curricula nation-wide has been approved by the Government and which is currently being implemented in 50 schools. CEDRO will support the Ministry of Education's efforts in order that by 1997 this drug prevention program is implemented in at least 1,800 schools nation-wide.

Special efforts will be made in order that such program is implemented in high schools at the Upper and Central Huallaga valleys (ie, Tarapoto, Uchiza, Tocache, Picota, Tingo María, Bellavista) as an important complement to alternative development and substitution of coca-growing programs.

Through a framework agreement CEDRO is to be authorized by the Ministry to implement and expand this prevention programme nation-wide and will receive from the Ministry of Education, educational and training material developed for this aim.

However, under a later decision of USAID it might be possible that CEDRO passes this financial support directly to the Educational Sector in order that it implements directly these activities, while CEDRO retains a role of representing AID in the monitoring and evaluation of the implementation process.

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On the basis of eventual third-party donations, CEDRO might coordinate activities with the Ministry of Education and the Assembly of Peruvian Universities in order to develop a similar program aimed at elementary schools and universities.

Likewise, an special target-group adapted and pre-tested educational program will be developed for and offered to private schools, community groups and enterprises at cost price.

### COMPONENT III: Support to youth and community initiatives

Under the DEPA project, CEDRO gained an important experience in the development of youth and community programs at high-risk zones and several slum areas of Lima, acquiring a high-level of acceptancy by such populations.

Under the NECI project CEDRO will provide technical assistance and seed-money to an important number of communities in order that these design and carry out their own prevention programs, which will include productive and income generation activities for its youth. These efforts will be mainly concentrated in populations in or around coca growing areas, specially in the valleys of Pomaza and Biabo (provinces of Picota and Bellavista, in the San Martin Region) in which coca growing is still incipient, as well as in the provinces of Juanjui, Tocache and Mariscal Cáceres (San Martin Region), Leoncio Prado (A.A.Cáceres Region) and Aguaytía (Ucayali Region) among others.

Such initiatives, to be closely coordinated with the current AID-sponsored Upper Huallaga Development Project activities, will also include the support of campaigns to raise ecological awareness and promote actions against deforestation and dumping of chemicals into the soil and river system.

CEDRO expects to support the anual development of at least 100 different community based initiatives. CEDRO will work directly in each zone or through the activities of civic organizations, municipalities and other groups belonging to CEDRO's institutional network, all of which will follow a same three-stages procedure in the development of these programs, ie (i) identification of target-groups; (ii) determination of its needs; (iii) financing, training, development of specific program(s) and follow up and evaluation.

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**COMPONENT IV: Street Children Program,**

Since September 1989 CEDRO has been developing and implementing a Street Children Program in Lima which currently operates five open houses for an average total population of 152 drug-addicted street children of both sexes, 7 to 17 years old.

The program provides shelter, food, clothing, medical and psychological attention, drug rehabilitation and social reeducation, support of attendance to public schools, petty crafts training (8 options), professional training (carpentry, cloth-printing, car-repair, broom-making, ceramic and sewing and knitting workshops), employment opportunities both within and outside the program and a reinsertion to the family sub-program both in Lima and throughout the country.

Under the NECI project, the street children program is to consolidate and extend its work in order to become a prevention, training and more extended attention network, which will run a childmistreatment and runaway prevention system at the community level, reinforce and extend its reinsertion to the family sub-program, train personnel and give assistance to the reorganization of other public and private street children care-facilities, expand its professional training workshop, extend its current attention capacity, establish a computer unified data bank of kids in high-risk at Lima, reinforce its network's logistic operativeness and extend its protected commerce and employment system to 250 street and working kids, assuring at the same time the progressive self-financing of the street children program on the basis of locally generated income and other sources.

**COMPONENT V: Technical Assistance for the attainment of financial self-sustainability**

Short-term technical assistance is sought since the beginning of the project in order to enable the institution to develop an strategy for obtaining financial self-sustainability as well as for identifying and establishing a proportion of administrative costs to be applied by CEDRO to all programs funded by third donors.

CEDRO estimates that the total cost of the five-year NECI project will amount US\$.11'900,000, of which USAID would be expected to contribute US\$.8'800,000 and CEDRO US\$.3'100,000, from third party and in kind donations, accordingly to the following general provisional budget:

SUMMARY FINANCIAL PLAN  
(US\$ 000)

<u>Component/Activity</u>	<u>A.I.D. Grant</u>	<u>Counterpart GOP and 3rd-Party Donors *</u>	<u>TOTAL</u>
<u>Program Costs</u>			
1. Information and Educ. Center for Drug Abuse Prevention	4660	1300	5960
2. Support to National Education	720	500	1220
3. Community Support	2020	500	2520
4. Street Children	<u>300</u>	<u>800</u>	<u>1100</u>
Total Program Costs	7700.	3100	10800
<u>Operational Support Costs</u>			
1. Operational Costs	800	----	800
2. Technical Assistance	100	----	100
3. Evaluations	100	----	100
4. Audits and Financial Reviews	<u>100</u>	-----	<u>100</u>
Total Administrative Support Costs	<u>1100</u>	-----	<u>1100</u>
Total Project Costs	<u>8800</u>	<u>3100</u>	<u>119000</u>

(\* ) Includes in kind contributions such as free space in radio and TV.

The distribution of expenditures of funds throughout the funding period reflects a gradual decrease of funding per year, being that a greater investment will be needed during the two first years of the program in order to assume an important number of obligations during this stage as for example, the support to the Education Sector, the acquisition of necessary equipment, such a two vehicles for CEDRO nation-wide programs and a small truck mainly for Street Children Program, audiovisual production equipment, computers, an electricity generator, printing and office equipments, etc. Also, the remodelation of CEDRO's locale to install an audiovisual production unit and the adaptation of other spaces, the external technical assistance for self-sustainability costs, the street children program, etc.

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Hoping that this proposal may be of interest for the attainment of the goals and activities of your Mission and that it may eventually receive the approval of the latter and its funding may be granted, I remain at your disposition for any additional information that may be needed.

Yours sincerely,

ALEJANDRO VASSILAQUI  
Executive Director

