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# **USAID/PERU**

## **SEMI-ANNUAL PORTFOLIO REVIEW**

*PERIOD APRIL 1, 1992 TO SEPTEMBER 30, 1992*

*NOVEMBER, 1992*

11

# MEMORANDUM



**DATE:** 30 December 1992  
**TO:** Mr. Peter Bloom, LAC/DR  
**FROM:** George Wachtenheim, Director  
**SUBJECT:** Director's Overview of the Mission's Portfolio

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The 1 April - 30 September 92 semi-annual portfolio review was held from 16 to 24 November 92. The review consisted of five meetings which were organized by strategic objectives. Larry Heilman, LAC/SAM, attended the first two sessions and Robert Kahn, LAC/SAM, the last two. Restrictions on numbers of TDY visitors in country prevented Robert Kahn from attending all five meetings during the week of 16 November as scheduled, thus the last two were postponed to the week of 23 November.

The reporting period was marked by the effects of President Fujimori's suspension of the Constitution on April 5. They led to a decision to slow down or hold up various elements of our program, as discussed in the individual reports. In early August, the Department of State instituted "Authorized Departure" status for Peru, and began limiting severely TDY visits, even when needed for project implementation. This situation still exists and has made implementation of many of our projects difficult. We have also not been allowed to fill three USDH positions, or to bring in long-term project advisors.

In spite of the extremely difficult political environment that the Mission faced throughout the reporting period there are several remarkable successes in our portfolio that need to be highlighted. Studies financed under our Policy Analysis, Planning and Implementation Project resulted in official decrees and regulations which promoted increased private investment and facilitated trade. The Drug Education and Public Awareness Project made significant progress toward increasing public concern over the adverse effects of drug production, trafficking and use. In the Hualliaga valley we witnessed a decrease in terrorist activity, renewed interest by the people in non-coca cultivation and regional development, and what portends to be new and exciting avenues for partnership in development-coca reduction agreements and participatory democracy setting community development priorities. Effective financial and human resource support from the government at the national, regional and local levels, from the President to the Campesino, suggests confidence and hope in our activities. Radio and

television announcements revealed the impact that our HIV/AIDS Education and Prevention Project had on both public and private sector decision makers. The food-aid safety net provided under our PL 480 Title II Program enabled the government to implement its bold economic adjustment program. In general, our projects have been successful in addressing gender concerns.

Unfortunately, the events of 5 April led to suspension of our support to public sector economic reform and held up the delivery of needed technical assistance. They also delayed the disbursements of balance of payment funds which are a prerequisite for generating much needed local currency for our counter-narcotic program. Similar delays, coupled with 620(q) and Brooke-Alexander sanctions, and Authorized Departure restrictions, resulted in implementation delays in our health, PVO support and training program.

The review also revealed that we are carrying a relatively young pipeline of 75 million dollars of which 86 percent is less than 2 years old. Forty percent of the pipeline represents undisbursed FY 91 balance of payment funds. The events of 5 April affected the timely disbursements of the 2nd and 3rd tranches. In addition approximately 15 million dollars was obligated during the last month of the fiscal year. This was primarily influenced by the lifting of sanctions on 30 September 92 and receipt of almost 40 percent of our OYB allowances at the end of the fiscal year. Our mortgage is approximately 66 million dollars and represents 11 active projects. The pipeline/mortgage balance is not cause for concern.

We reorganized the Mission on 19 October 92 and created two separate offices for our democratic initiatives program and our health, population and nutrition activities, while moving economics functions and projects into the Project Development and Program Office. We also consolidated all PL 480 program activities in the Food for Development Division of the Office of Food and Agriculture.

Attached is a brief summary of the implementation status of our projects which also describes how each one supports the Mission's five strategic objectives.

Attachment: a/s

Drafted by: PDP:WEgan 

Clearances: PDP:EKerst (in draft)  
CONT:PKramer (in draft)  
A/DD:RGoldman (in draft)

## SUMMARY OF IMPLEMENTATION STATUS

**A. Strategic Objective No. 1:** Establishment and maintenance of sound economic policy and structural reforms that promote economic stabilization and sustainable economic growth. Eight activities including three OPGs were reviewed under this objective:

1. 527-0343: Policy Analysis, Planning and Implementation Project

This activity supported the objective by establishing a basis for decision making through technical assistance and studies which resulted in official decrees and regulations which promote increased private investment and facilitate trade.

Project-funded short-term advisors were able to play critical roles in recommending policy reforms to over-extended senior economic policy makers. Unfortunately, the events of 5 April led to temporary suspension of support to public sector reform efforts and held up the call forward of long-term technicians. In a cable the Mission addresses the urgency for full implementation of this activity which can contribute directly to economic reforms and to the democratization process.

2. 527-0344: Economic Stabilization and Recovery Program

This activity contributed to the objective by providing balance of payments support which enabled the government to strengthen its relations with international financial institutions.

Only the first of three planned disbursements was made before the events of 5 April, which restricted the commitments for the second and third tranches. The Mission cabled a positive review of second tranche conditions precedent status in late March, and all the economic conditions for the third tranche have now been met. The Mission hopes that both outstanding tranches will be released soon. The HCOLC that will be generated from these disbursements has been jointly earmarked for the rehabilitation of the Selva-Coastal Road, thus the commitment of these funds is critical to the success of Strategic Objective No. 5.

3. 527-0298: BCR-Policy Planning and Institutional Development.

This activity supported the objective by upgrading the government's economic research and analytical capabilities, thereby enhancing dialogue between the government and private productive sectors. The Project terminated successfully on 31 August 92.

4. PL 480 Title II Monetization and Food Aid Distribution

### Program with Three Operational Program Grants

This activity contributes to the strategic objective by providing a food aid safety net for working class Peruvians whose welfare has been adversely affected by the structural adjustment initiatives, thereby enabling the Government to implement its bold economic reform program. Food aid is distributed through four PVOs.

Activities financed from the PL 480 account also promote agricultural production and productivity in small business sectors. Although the safety-net strategy was intended to phase out by 1995, it is now anticipated that it will be required for a longer period, considering the current stringent economic environment. In addition, we distributed \$20 million in excess DOD food commodities which provided supplementary feeding to some 30,000 additional Peruvians.

#### 5. PL 480 Title III - FY 91 and FY 92 Programs

This activity supported the objective by enabling the Government to save scarce foreign exchange through the importation of critical food commodities.

The local currency generated by food sales is used to support various USAID projects.

**B. Strategic Objective No. 2:** Reactivated labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agricultural sectors. Five projects and three OFDA-funded drought assistance grants were reviewed under this objective:

#### 1. 527-0282: Agricultural Technology Transformation

This activity contributes to the objective by providing new technologies that increase production yields and promote non-traditional agricultural exports.

The project is focused primarily on institution-building in areas such as agricultural research, training and seed multiplication. As such, its impact on production is not clearly traceable. Some of the planned activities for last semester were cut back after the 5 April events. Mission is planning to extend the PACD in order to establish a bridge with a new activity planned for FY 93 obligation. Since this project does not benefit from a real counterpart contribution (apart from Title III generated HCOLC), there is a sustainability issue which will have to be addressed in design of the follow-on project.

#### 2. 527-0272: Private Sector Management Improvement

This activity contributes to the objective by training in areas essential for reactivating private productive sectors and developing a market-oriented economy.

The PACD was extended to 31 December 93 to ensure successful completion of academic training for five participants. Otherwise, the project is completed. It has been especially successful in the training of women.

3. 527-0341: Employment and Natural Resource Sustainability

This activity supports the objective by fostering the growth of sustainable productive activities by the long-term residents of a natural reserve in the Amazon Region, while actively supporting the area's ecological preservation.

Since the PVO which implements this activity relies on short-term specialist services to plan and monitor project activities, the major implementation problems were caused by Authorized Departure restrictions.

4. 527-0349: Investment and Export Promotion

This activity contributes to the objective by helping Peru's non-traditional export sector to expand production and generate employment, thereby accelerating the participation of the poor in the economy.

Delays in calling forward technical assistance after the 5 April events were the cause of the major implementation problems. The Peruvian grantee organization, however, was able to organize successful workshops and seminars in bean production, jewelry, pattern making and fish processing during the semester. Mission has reviewed project design, in light of new legislation, and sent a cable citing the positive findings and requesting permission to start up full activities again.

5. 527-0353: PVO Program Support

This recently authorized activity, not obligated until 30 September 92 because of sanctions, will support the objective by stimulating agricultural productivity and microenterprises in the most disadvantaged areas of the country.

Because of authorized departure restrictions on TDYs and assignments to post, plans for project implementation over the next six months have been scaled back.

6. 968-2058.00: ADRA/OFASA; 968-2058.01: CARE; 968-2058.02: Caritas - Drought Support Grants

This OFDA-funded activity contributes to the objective by

providing critical inputs for ongoing PVO programs that have been assisting farmers who were affected by the 1991-1992 drought to reactivate their productive systems. The grants were signed at end of reporting period.

**C. Strategic Objective No. 3:** Improve health status through access to quality primary health care. Five projects were reviewed under this objective:

1. 527-0285: Child Survival Action Project

This project contributes directly to the objective by providing assistance to the Ministry of Health's disease control programs, including those which control respiratory and diarrheal diseases, including cholera.

Project funds have also supported the development of an active epidemiologic surveillance program and a standardized, computerized health and management information system. Recent national survey indicates a reduction in infant mortality of about 25 percent in the last five years. Progress made in delivery of child survival services, through this project, is one of the reasons for this significant reduction. This project could not obligate funds while Peru was under 620(q) and Brooke-Alexander sanctions which were not lifted until 30 September 92. The PACD has been extended to allow completion of core activities which were delayed because of the sanctions. Authorized Departure restrictions led to the loss of a PASA medical advisor from the CDC, who was ready for assignment to Peru. The project has several components emphasizing WID activities.

2. 527-0319: Strengthening Private Sector Health Initiatives

This activity supports the objective by improving the private sector role in the provision of essential medical services.

620(q) and Brooke-Alexander sanctions, coupled with 5 April and authorized departure restrictions, resulted in delays in fielding the technical assistance team for the activity's Northern Component. Although CARE is implementing the program for the Southern Component, restrictions in hiring international staff have led to a lengthy local recruitment process and a slow start.

3. 527-0326: Private Commercial Family Planning

This activity contributes to the objective by providing family planning information, services and supplies through the commercial sector.

Economic recession in Peru has had an adverse effect on certain planned activities. In particular, our attempts to

convince firms to offer family planning in health-benefit packages for their employees have not been as successful as hoped. The Mission will address this constraint through marketing technical assistance.

4. 527-0333: HIV/AIDS Education and Prevention

This terminating activity contributed to the objective by providing technical assistance research and training which made health officials and the public more aware of the nature of the AIDS problem.

Recent radio, television and newspaper announcements attest to the Government's recognition of the problem and the success of our intervention. The PVO implementing this project has been able to secure other donor and private sector funding for activities after the PACD.

5. 527-0335: Private Voluntary Sector Family Planning Services Expansion

This activity contributes to the objective by enhancing the role of PVOS in delivering family planning services.

Although successfully delivering services, the local PVOs involved in this program are having difficulties meeting self-sufficiency targets. The planned evaluation for the next period will focus on strategies to resolve this problem. It should be noted that women are increasingly assuming administrative positions in the PVOs.

**D. Strategic Objective No. 4:** Encourage strong democratic institutions that reinforce economic freedom. Four projects (including one centrally-funded activity) were reviewed under this objective:

1. 527-0061: Special Development Activities

This activity contributed to the objective by supporting grass-roots development in urban-marginal and rural communities.

Through criteria based on self help, limited funding has been instrumental in the sustained development of community organizations in the poorest sectors of Peru.

2. 527-0303: Administration of Justice

This activity supports the objective by providing technical assistance and training for 3 primary legal institutions.

Implementation delays were encountered during the

reporting period as a result of the suspension of project activities after the events of 5 April. As recently demonstrated, however, this activity will play a major institutional development role over the 15 months remaining in the LOP, especially with implementation responsibilities transferred totally to USAID.

3. 527-0340: Peruvian Peace Scholarship Program

This activity will contribute to the objective by providing training which is needed for economic and social development.

The predecessor project was particularly successful in providing training opportunities for both urban and rural leaders, especially women who are socially and economically disadvantaged. This project was delayed by 620(q) and Brooke-Alexander Sanctions which were not lifted until 30 September 92.

4. 598-0772: Private Sector Institutional Reform

This activity contributed significantly to the objective by supporting and advocating deregulation of the economy, simplification of administrative procedures and introduction of transparent criteria and methodology in decision making processes of regional Governments.

The project provides support to the Institute for Liberty and Democracy (ILD). During the reporting period implementation problems resulted from the events of 5 April, which led to the suspension of activities such as democratic governance initiatives with regional administrations; and, the July terrorist bombing attack on the ILD headquarters, which seriously damaged its infrastructure. With receptivity of the forthcoming new constituent congress, however, ILD should once again resume its leadership role in the national dialogue.

**E. Strategic Objective No. 5:** Replace coca-based employment and foreign exchange earnings with legal alternatives. Three projects were reviewed under this objective:

1. 527-0244: Upper Huallaga Area Development

This activity contributes to the objective through improved rural and community development services in the Huallaga Valley, Peru's major coca production region, thereby promoting alternative and legal opportunities for coca producers.

In spite of restrictions during the reporting period, the project was able to use local currency to design and implement pilot activities in the target zone which will continue under the proposed project extension and the planned follow-on Selva Economic

Revitalization Project. Dollar funding will run out in December, and if \$7 million additional funding under the proposed extension are not authorized by that time, the project will practically stop, causing great damage to the USG alternative development efforts.

2. 527-0288: Drug Education and Public Awareness

This activity contributed to the objective by increasing public awareness of drug-related problems in Peru.

During life of project, surveys showed a significant increase in public concern over the effects of drug production, trafficking and use in Peru. The implementing organization has become a recognized authority in Latin America, as demonstrated by requests from other countries for information and assistance. The project concluded on 30 September 92.

3. 527-0347: Narcotics Education and Community Initiatives

This activity will contribute to the strategic objective by provoking public and private sector response against the use, trafficking and production of drugs.

The project was authorized on 29 September 92. It is a follow-on activity to the very successful 527-0288 project and will be implemented by the same organization.

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## PROJECT CONTRIBUTIONS TO STRATEGIC OBJECTIVES

**A. Strategic Objective No. 1:** Establishment and maintenance of sound economic policy and structural reforms that promote economic stabilization and sustainable economic growth. Eight activities including three OPGs were reviewed under this objective:

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This activity contributed to the objective by providing balance of payments support which enabled the government to strengthen its relations with international financial institutions.

3. 527-0298: BCR-Policy Planning and Institutional Development.

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This activity contributes to the strategic objective by providing a food aid safety net for working class Peruvians whose welfare has been adversely affected by structural adjustment initiatives, thereby enabling the Government to implement its bold economic reform program. Food-aid is distributed through four PVOs.

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This activity contributes to the objective by providing new technologies that increase production yields and promote non-traditional agricultural exports.

2. 527-0272: Private Sector Management Improvement

This activity contributes to the objective by training in areas essential for reactivating private productive sectors and developing a market-oriented economy.

3. 527-0341: Employment and Natural Resource Sustainability

This activity supports the objective by fostering the growth of sustainable productive activities by the long-term residents of a natural reserve in the Amazon Region, while actively supporting the area's ecological preservation.

4. 527-0349: Investment and Export Promotion

This activity contributes to the objective by helping Peru's non-traditional export sector to expand production and generate employment, thereby accelerating the participation of the poor in the economy.

5. 527-0353: PVO Program Support

This recently authorized activity, not obligated until 30 September 92 because of sanctions, will support the objective by stimulating agricultural productivity and microenterprises in the most disadvantaged areas of the country.

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This activity supports the objective by improving the private sector role in the provision of essential medical services.

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This activity contributes to the objective by enhancing the role of PVOS in delivering family planning services.

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1. 527-0061: Special Development Activities

This activity contributed to the objective by supporting grass-roots development in urban-marginal and rural communities.

2. 527-0303: Administration of Justice

This activity supports the objective by providing technical assistance and training for 3 primary legal institutions.

3. 527-0340: Peruvian Peace Scholarship Program

This activity will contribute to the objective by providing training which is needed for economic and social development.

4. 598-0772: Private Sector Institutional Reform

This activity contributed significantly to the objective by supporting and advocating deregulation of the economy, simplification of administrative procedures and introduction of transparent criteria and methodology in decision making processes of regional Governments.

**E. Strategic Objective No. 5:** Replace coca-based employment and foreign exchange earnings with legal alternatives. Three projects were reviewed under this objective:

1. 527-0244: Upper Huallaga Area Development

This activity contributes to the objective through improved rural and community development services in the Huallaga Valley, Peru's major coca production region, thereby promoting alternative and legal opportunities for coca producers.

2. 527-0288: Drug Education and Public Awareness

This activity contributed to the objective by increasing public awareness of drug-related problems in Peru.

3. 527-0347: Narcotics Education and Community Initiatives

This activity will contribute to the strategic objective by provoking public and private sector response against the use, trafficking and production of drugs.

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- 527-0298** *Policy Planning and Institutional Development*
- 527-0343** *Policy Analysis, Planning and Implementation*
- 527-0344** *Economic Stabilization and Recovery Program*  
*PL 480 Title II*
  - (1) 527-0323** *PRISMA OPG*
  - (2) 527-0328** *ADRA/OFASA*
  - (3) 527-0330** *CARE OPG**PL 480 Title III*

### **Strategic Objective 2**

- 527-0272** *Private Sector Management Improvement*
- 527-0282** *Agricultural Transformation Technology*
- 527-0341** *Employment and Natural Resource Sustainability*
- 527-0349** *Investment and Export Promotion*
- 527-0353** *PVO Program Support*
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- 527-0285** *Child Survival Action*
- 527-0319** *Strengthening Private Sector Health Initiatives*
- 527-0326** *Private Commercial Family Planning*
- 527-0333** *HIV/AIDS Education and Prevention*
- 527-0335** *Private Voluntary Organization Family Planning Service Expansion*

### **Strategic Objective 4**

- 527-006i** *Special Development Activities Fund*
- 527-0303** *Administration of Justice*
- 527-0340** *Peruvian Peace Scholarship Program*
- 598-0772** *Private Sector Institutional Reform*

### **Strategic Objective 5**

- 527-0244** *Upper Huallaga Area Development*
- 527-0288** *Drug Education and Public Awareness*
- 527-0347** *Narcotics Education and Community Initiatives*

**Attachment** *Financial Summary*

**STRATEGIC**

**OBJECTIVE 1**

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

**IA. BACKGROUND DATA**

Project Title: POLICY PLANNING AND INSTITUTIONAL DEVELOPMENT  
 Component: PLANNING SUPPORT, ECONOMIC STUDIES AND TRAINING (BCR)  
 Project Number: 527-0298  
 Date of Authorization: original 04/01/85 amendment 08/01/89  
 Date of Obligation: original 08/28/86  
 PACD: original 08/31/90 amendment 08/31/92  
 Implementing Agencies: Banco Central de Reserva del Peru (BCR), Instituto Nacional de Planificación (INP), Ministerio de Economía y Finanzas (MEF).  
 Major Contractors: N/A  
 AID Project Manager: Rodolfo Salinas  
 Status of Cps/Covenants: Satisfied  
 Date of Last Evaluation: 11/89 Next Evaluation: None  
 Planned Number of Non-Federal Audits during Fiscal Year: One  
 The Number of such Audits Contracted for/completed: One  
 Date of Last Audit: 8/31/92 Next Audit: N/A

**IB. FINANCIAL DATA**

Amount Authorized:	Grant: original	\$ 2,800,000
Amount Obligated:	Grant: original	\$ 2,072,567
Amount Committed:	Period:	\$ 30,017
	Cumulative:	\$ 2,072,567
Accrued Expenditures:	Period - Projected:	\$ 69,315
	Period - Actual:	\$ 99,332
	Cumulative:	\$ 2,072,567
	Period - Next:	\$ 0
Counterpart Contribution:	Planned:	\$ 1,300,000
	Actual:	\$ 1,070,000 (BCR, INP, MEF, MICTI and CONASEV)
% LOP Elapsed:		<u>100.00%</u>
% of Total Auth. Oblig.		<u>74.02%</u>
% of Total Oblig. Exp.		<u>100.00%</u>
% of Total Auth. Exp.		<u>74.02%</u>

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives: This project directly supports Strategic Objective No. 1: Establishment and maintenance of sound economic policy and structural reforms that promote economic stabilization and sustainable economic growth. It also supports Strategic Objective No. 2: Reactivated labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors.

Percent of LOP Funds Relating to Strategic Objectives:	No. 1	80%
	No. 2	20%

**IIB. PROJECT PURPOSE**

To promote policy dialogue and reform through: 1) the improvement of the institutional capacity, in both the private sector and GOP, to research and analyze key issues of national importance and to engage in constructive policy dialogue on these issues; 2) the institutional organization of the private sector (formal and informal) around key policy issues; and 3) the enhanced understanding of the positive role of private enterprise and its potential economic contributions.

**III. PROJECT DESCRIPTION**

The project has supported reactivation of the productive sectors of the economy through strengthening the institutional capability of key GOP units to: a) research and analyze key issues of national importance in areas relating to increasing private sector investment, saving, production, and employment; and b) facilitate the technical dialogue among GOP entities key to the economic planning process and between these entities and representative private sector organizations. The project included funding for important studies and for short and long-term training.

**IV. PROJECT STATUS**

The project has been successfully completed on the PACD.

**A. EOPS**

<u>Planned EOPS</u>	<u>Progress To Date</u>
1. Strengthening the analytical and policy coordination and implementation capacities of policy analysis units principally in the BCR and MEF, to serve more effectively as key focal points for economic research and analysis within the government, at least of issues related to savings and investment and exports.	(See more details about accomplishments in IV B, below). Done
2. Training of individuals within the policy analysis units.	Completed

B

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

3. Completion of studies on constraints to and opportunities for investment and economic growth and subsequent changes/modifications to specific laws and regulations to improve the business climate. Completed (see IV B and C)

**B. Major Outputs**

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. BCR Economic & Tech. Studies	16	3	34	0	3	34	210
2. BCR Training a) Short-T. Male		3	36	0	21	54	
3. BCR Training b) Long-T. Female		3	14	0	3	14	
4. BCR Training c) Short-T Total	48	6	50	0	24	68	140
5. BCR Training d) Long-T. Male		2	17	0	2	17	
6. BCR Training e) Long-T. Female		0	3	0	0	3	
7. BCR Training f) Long-T. Total	10	2	20	0	2	20	200
8. BCR Dialogue Facilit.(Seminars)	10	2	10	0	1	9	90

**C. Other Accomplishments and Overall Status**

The project was successfully completed on the PACD, August 31, 1992. From the approved annual workplan only the activity of Regional Seminars was modified because of security reasons, and was substituted by short-term training for 16 BCR officials, at Central Banks of selected Latin American countries.

The following paragraphs summarize the key accomplishments of the project:

INP implemented graduate courses on project analysis and evaluation, through the National Engineering University. MEF carried out studies and seminars. One of the most promising of these activities was the study for improving GOP's annual budgeting process, which was complemented by a seminar to train all budgeting officers of the Budget Directorate from MEF. This activity will improve not only the efficiency and timeliness of the preparation of GOP's annual budget, but also will facilitate the use of computers and ad hoc software to make disbursements, as well as permit better control of such operations.

BCR long-term training: Under the grant agreement, 20 high level professionals from BCR's staff have received Masters degrees in Economy (several specialties), Management, and International Law. The strength gained in Policy Analysis after this training has been demonstrated by the quality of studies that have been carried out by the graduated professionals, which ranged from "Econometric Models" to "Monetary Policies", or "Tax incentives".

BCR short-term training: A total of 68 high and medium level selected professionals from BCR's staff attended diverse short courses and training programs in several countries of Latin America and the U.S. The major part of this short-term training program has been carried out at Central Banks of Latin American countries such as Argentina, Brazil, Chile, Colombia, Mexico, Uruguay and Venezuela. Each country was selected in accordance to its experience and applicability of policies and methods adopted by them to overcome a variety of problems such as hyperinflation and recession.

Mission put emphasis for involving women in the activities of the project. This resulted in the training of a total of 17 women in the U.S. and selected countries of Latin America.

The project also included the acquisition of 9 computers for BCR and MEF, which contributed to the execution of the studies and the improvement of the efficiency of these institutions.

The diffusion of the results of the project's studies has been effected through the implementation of seminars and the publication of books. A total of 12 books was recently published, such as "Fomento a las Exportaciones"; "Análisis Comparativo de los Niveles de Vida en Lima Metropolitana 1985 - 1990"; "El Sector Agroindustrial Exportador en la Region Arequipa", and others. These publications have been widely distributed by the BCR's project coordinating unit, contributing to the technical dialogue among GOP entities key to the economic planning, as well as between these entities and the private sector.

Both long-term and short-term training have contributed effectively to achieve the objectives of the project in diverse manner. Trained BCR staff has participated in the preparation of a draft for the new banking law. The organizational structure of the BCR itself has been modified and the number of its personnel reduced. Because of USAID's support provided to the BCR in the past years, the Central Reserve Bank of Peru is recognized as the only GOP institution capable of providing reliable technical support for economic policy decisions and constructive dialogue with the private sector. In addition, it has provided key professionals to staff important GOP institutions, such as the Superintendence of Taxation (SUNAT), the Office of the Minister of Economy and Finance (MEF), and others.

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

BCR has been an excellent counterpart for the effective implementation of the project, the parameters estimated in the Project Paper have been largely surpassed and, more importantly, project implementation has been carried out in close coordination and acceptance of USAID's requirements. All of this has made this project a good tool to emphasize the importance of open market operations, reinsertion in the international financing community, privatization, export promotion policies, inflation control and others directly addressed to achieve Mission strategic objective No.1.

D. Problems and Delays

None

E. Major Activities or Corrective Actions During the Next Six Months

Monitor a Project Audit that will be carried out at the BCR.  
Prepare the Project Close out Report.

PROJECT STATUS REPORT

April 1, 1992 - September 30, 1992

IA. BACKGROUND DATA

Project Title: Policy Analysis, Planning, and Implementation  
Project Number: 527-0343  
Date of Authorization: original 09/29/90 amendment 09/30/91  
Date of Obligation: original 09/29/90 amendment 09/30/91  
PACD: original 03/30/95  
Implementing Agencies: Office of the Secretary of the Presidency (SEP)  
Confederación Nacional de Instituciones Empresariales Privadas (CONFIEP)  
Major Contractors: Development Economics Group, Joint Venture (DEG)  
AID Project Manager: Erna Kerst, AECON  
Status of CPs/Covenants: CPs: Satisfied and/or on track; Covenants on track  
Date of Last Evaluation: None Next Evaluation: 12/93  
Planned Number of Non-Federal Audits during Fiscal Year: None  
The Number of such Audits Contracted for/Completed: n/a  
Date of Last Audit: None Next Audit: 12/31/93

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	original	\$ 7,150,000	
Amount Obligated:	DA/ESF Grant:	original	\$ 1,185,808	amended to \$ 3,645,808
Amount Committed:	Period:		\$ 617,542	
	Cumulative:		\$ 1,224,358	
Accrued Expenditures:	Period - Projected:		\$ 128,000	
	Period - Actual:		\$ 125,353	
	Cumulative:		\$ 628,906	
	Period - Next:		\$ 400,000	
Counterpart Contribution:	Planned:		\$ 200,000	(in kind)
	Actual:		\$ 45,000	(in kind)
% LOP Elapsed:			43.63%	
% of Total Auth. Oblig.			50.99%	
% of Total Auth. Exp.			8.79%	
% of Total Oblig. Exp.			17.25%	

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

The project directly supports:

Strategic Objective No. 1: Establishment and maintenance of sound economic policy and structural reforms that promote economic stabilization and sustainable economic growth.

The project also supports:

Strategic Objective No. 2: Reactivated labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agricultural sectors.

Strategic Objective No. 5: Replace coca based employment and foreign exchange earnings with legal alternative.

Percent of LOP Funds Relating to Strategic Objectives:

No. 1 -	70 %
No. 2 -	20 % and
No. 5 -	10 %

IIB. PROJECT PURPOSE

To assist the new Government of Peru and the private sector in developing sound economic policies and strengthening the policy dialogue and decision making process.

III. PROJECT DESCRIPTION

The project provides high level technical expertise to meet the need of the Government of Peru (GOP) for planning, developing, implementing and monitoring economic policies, programs and projects. Short term macroeconomic analyses in high priority areas as well as training and information dissemination relating to policy analysis and the decision-making process will benefit both the public and the private sectors. High-level participation through the Interministerial Committee for Financial and Economic Affairs (CIAEF) and the Office of the Secretary of the Presidency (SEP) ensures that the project addresses priority policy areas in the public sector. Private sector policy analysis organized by the National Confederation of Private Enterprise Institutions (CONFIEP).

IV. PROJECT STATUS

Most pre-implementation activities had been completed and the Institutional Contractor was ready to start when the project faced the political events of April 5th which resulted in a temporary suspension of the project support to the GOP. This brought as a consequence an indefinite delay of the project start-up by the Institutional Contractor. In the meanwhile, the project continued supporting private sector (CONFIEP) initiatives through remaining "Direct AID Implementation" budget line (see project tables attached). The project did not receive additional funds in FY92 because of April 5th events.

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

A. EOPS

PLANNED EOPS

PROGRESS TO DATE

<p>Increase GOP capacity of economic analysis and implementation of policies as evidenced by policy changes</p>	<p>As a consequence of research/studies major successes were: tariff reforms (Decree No.757) , decrees to promote private investment (757), antimonopoly decree (701), Decree for Infrastructure works and public services concessions (758), Consumers protection decree (716), Antidumping decree (25629), Non performing debt decree (25683), Guarantee regime for Private Investment decree (162-92EF), in addition to several new proposed pieces of legislation, currently under consideration by GOP, as well as modifications of former legislation.</p>
<p>Design programs to help accomplish economic stabilization and reorient the economy towards the private sector</p>	<p>Same as above (Decrees Nos. 757, 701, 758, 25629, 25587, 25683, 162-92EF).</p>
<p>Promote sound exchange rate policy with fiscal &amp; monetary discipline</p>	<p>A research/study project on exchange rate policy will soon be open for bid; the terms of reference for this are the result of a private sector/GOP agreement.</p>
<p>Promote positive real interest rates, tax policies favoring savings, and simplify rules for the flow of private capital.</p>	<p>Approval of Decrees Nos.757, 25587, 25683 and 162-92EF. In addition to revision of Decrees No.25702 (on taxing) and No.097-92EF (on fractioning of imported goods rights).</p>
<p>Promote liberalization of the economy and reliance on market forces.</p>	<p>Studies sponsored by project: a) design of a legal framework for liberalization and reform of foreign trade regulations, b)two studies for evaluation of state-owned banks and enterprises to prioritized privatization (privatization process is underway), c) framework for liberalization and reform of foreign trade regulations, which resulted in a strategy for negotiation with the Andean Group, de-activation of the Institute of Foreign Commerce, and re-structuring of customs services.</p>
<p>Promote adequate trade policies.</p>	<p>Studies promoted above mentioned decrees liberalizing trade policies</p>
<p>Promote policies for sectorial sustained growth.</p>	<p>Study on the Mining sector resulted in modification of decrees 014-92EF and 708; Other decrees modifications: fishing (750), private health services (718). A study/research project for the tourism sector is underway.</p>

**PROJECT STATUS REPORT**  
**April 1, 1992 - September 30, 1992**

Increase private investment and employment.	Decreases resulting from studies/research promoted by project:757 (Private Investment Promotion), 162-92EF (Guarantee Regime for Private Investment), report of public investment policy.
Growth in non traditional exports	Study/research projects which resulted in new regulations to promote growth in non traditional exports: Decree 25702
Improved access to primary health services in a context of reduced population growth.	Private sector study resulted in modifications of Decrees on Private Pensions (724) and on Private health Services (718).
Strengthen civilian government institutions.	On-going study on constitutional proposals to consolidate structural reform and private sector institutions

**B. Major Outputs**

	PLANNED			ACCOMPLISHED			
	LOP	PERIOD	CUM.	NEXT PERIOD	PERIOD	CUM.	% OF LOP
Trained GOP personnel in formulation, analysis & policy implementation.	<u>Private Sector training (Number of Participants)</u>						
	4320	0	0	0	0	0	0
	<u>Long Term Training</u>						
	4	0	0	0	0	0	0
	<u>Short Term Training</u>						
	US 28	0	0	0	0	0	0
	TC 37	0	0	0	0	0	0
	<u>In-Country</u>						
	575	0	0	0	0	0	0
	<u>Short-term</u>						
74	0	0	20	0	0	0	
<u>Long-term</u>							
4	0	0	0	0	0	0	
Trained GOP & private sector personnel in applied economic analysis & project interventions.	NOTE: The training component of the PAPI project is dependant on the IC's work plan. Funds for this component can only be disbursed under their supervision. Implementation of the contract was held up by the suspension of support to the GOP after 5th April. See below, Part IV D.						
	136	6 conf/days	6co/day	12co/day	0	1	2.5
Seminars and workshops for private & public sectors.							

**PROJECT STATUS REPORT**  
April 1, 1992 - September 30, 1992

	PLANNED			ACCOMPLISHED		
	LOP	PERIOD	CUM.	NEXT PERIOD	PERIOD	% OF LOP
Studies for new legislation, budget allocation. Improved policy formulation & implementation						
Strengthen policy dialogue						
New areas of policy analysis and program intervention.						
Improved multi-sectoral economic data base for policy formation						
Net inflow of private capital						

Measured by an Economic Policy Score in the form of an index which measures change in the quality of economic policy. (See Table 1).

Study/research projects' terms of reference and guidelines have been the result of private and public sector consensus. Most of private sector studies have resulted in new GOP laws and regulations. PAPI has played an effective role in promoting GOP and private sector dialogue. On-going projects designs have brought together concerns and guidelines from both sectors.

As a result of study/research proposals new and amendments to legislation and regulations have been undertaken in macro-economic policy, foreign debt, tariffs policy, financial system, energy policy, foreign trade legal framework, reinsertion into the international financial system, public sector administration legal framework, mining, fishing, health, and direct foreign investment. Tourism and exchange rate projects are underway.

Studies/research conducted has provided information for policy making in all above mentioned areas, for both, public and private sector. The training component is pending initiation of work by IC.

Commitments/Disbursements from IFIs this period:  
 IDB 103 millions  
 Andean Financial Corp. 24 millions  
 Support Group (total) 52 millions

**PROJECT STATUS REPORT**  
**April 1, 1992 - September 30, 1992**

**TABLE 1**

OBJECTIVES/INDICATOR	BASELINE	TARGET	ACCOMPLISHED		COMMENTS
	VALUE	VALUE	PERIOD	CUMULAT.	
<b>GOAL INDICATORS</b>	1991	1992	QIII 1992	Jan-Set 1992	
GDP growth rate (1)	2.4	3.5	-5.4	-3.2	
Inflation rate (%) (2)	139	45.0	9.2	57.7	
Changes in net international reserves (\$m) (2)	773	344	-18	-18	
Central Government fiscal deficit (% GDP)	2.6	1.2	-4.6	-1.4	
Internal financing of fiscal deficit (% GDP)	-0.4	-0.3	2.7	0.1	
External financing of fiscal deficit (% GDP)	3.1	4.4	1.9	0.2	
Investment (% GDP) (3)	1.8	15.7	2.6	1.9	
Private investment (% GDP)	12.4	12.5	13.0	15.0	
<b>PURPOSE INDICATORS</b>	1989	1995			
Improved Economic Policy Climate (Represents progress toward achieving target score i.e. econ.policy framework as good as Chile's)	31.1	89.1	76.1	76.1	Economic policy score index from futures group is currently used until ECON develops score for Peru.
<b>OUTPUT INDICATORS</b>		1995			(See IVB, Note)
Short-term Training (person/months)		65	0	2	2 employees Vice-Minist.Industry
Long-term Training (Masters degrees)		Up to 4			BCR
In-country Training (person/months)		575			

**NOTES**

- (1) Average percentage increase over the same quarter of 1990.
- (2) Quarterly data.
- (3) Refers to public investment.

25

### C. Other Accomplishments and Overall Status

Support to Private Sector initiatives continued uninterrupted after April 5th restrictions. Several study/research projects have resulted in a significant number of new decrees and regulations consistent with the goals and objectives of the project. Some of these are aimed at promoting economic stabilization and sustained growth, generating adequate conditions for strengthening the ongoing democratization process. New regulations resulting from the study/research components mentioned in the EOPS sponsored by the project are already working toward increased private investment, consolidation of sound economic policies to promote liberalization and facilitate national and foreign trade, privatization of inefficient public enterprises, and to assure efficient customs and taxing policies and procedures. A recent project study (Economic Proposals for Constitutional Reforms) has provided recommendations which are being considered by the government for implementation under the new proposed Constitution to promote sound economic policy changes.

Based on these considerations, and aware of the project potential for betterment of the economic and political conditions of Peru, a request for partial initiation of the work by the IC was approved. IC will start-up on December 1st, 1992, thus opening funding available through corresponding IC budget lines. It is expected that the IC may continue with its full staff shortly after.

### D. Problems and Delays

The suspension of support to GOP initiatives after April 5th, 1992, and, as a consequence the postponing of the initiation of the work by the Institutional Contractor has added to initial delays (nearly one year) in the original project timetable caused by longer than anticipated contracting process.

New conditions and situations resulting from the temporary suspension of support to GOP initiatives as well as a consequence of on-going economic stabilization and recovery (e.g. need to adjust policies on exchange rate and to develop an effective strategy to deal with public debt to the private financial sector) pose new demands on project strategies and activities not foreseen at the time of original planning and implementation of project.

The Direct AID Implementation components budget for studies and research only has enough funds for two additional activities/studies: exchange rate policies and structural reform related to the tourism sector. Starting in December 1992 we will only be able to continue operating study/research activities through the budget lines allocated to the Institutional Contractor, thus the urgent need to implement the IC.

Delay in initiation of IC's work has deferred the determination of criteria for selection of incoming initiatives. Equally, in the IC's absence the Economic Policy Score methodology proposed in the project paper for measuring project impact has not been implemented.

### E. Major Activities or Corrective Actions During the Next Six Months

1. Partial implementation of the IC will start on December 1st, 1992.
2. Approval of the IC's initial six-month Work Plan, and implementing schedule for the project's training component (12/92).
3. Need to inform USAID Washington, by cable, of the Mission's perception of the post elections

environment, indicating the need to move ahead with PAPI's IC full staff requirements in consideration of the renewed opportunities of the project for a major impact on positive macroeconomic trends characterizing current conditions in Peru (12/92).

4. Review and, as appropriate, update the terms of reference in the IC's contract (1-2/93).
5. Increase overall funding of the project, including IC's contract if appropriate. Reallocate funding to other project budget lines if required (1-2/93).
6. A prioritized list of updated research, study and advisory proposals for both public and private sector will be prepared by the Project's Technical Unit and IC (1/93).
7. In order to address the problem indicated in section D, the IC will have to develop and apply a strategy to measure the project's impact through the Economic Policy Score methodology (1-2/93).
8. The IC will develop a LOP training plan (3-4/93).
9. Ensure that both, the 6-month work plan and the training plan include women in development components.

PROJECT STATUS REPORT

April 1, 1992 - September 30, 1992

IA. BACKGROUND DATA

Project Title: Economic Stabilization and Recovery Program  
Project Number: 527-0344  
Date of Authorization: original 09/30/91  
Date of Obligation: original 09/30/91  
PACD: original 09/30/92 amendment 09/30/93  
Implementing Agencies: Ministry of Economy and Finance (MEF)  
Major Contractors: None  
AID Project Manager: Erna Kerst, PDP  
Status of CPs/Convenants: CPs satisfied; covenants on track.  
Date of Last Evaluation: None. Next Evaluation: 1/93 (internal)  
Planned Number of Non-Federal Audits during Fiscal Year: None  
The Number of such Audits Contracted for/Completed: None  
Date of Last Audit: None Next Audit: 12/31/92

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$ 50,000,000
Amount Obligated:	DA/ESF Grant: original	\$ 50,000,000
Amount Committed:	Period:	\$ -.-
	Cumulative:	\$ 20,000,000
Accrued Expenditures:	Period - Projected:	\$ 20,000,000
	Period - Actual:	\$ 20,000,000
	Cumulative:	\$ 20,000,000
	Period - Next:	\$ 30,000,000
Counterpart		
Contribution:	Planned:	\$ 20,000,000 <sup>1</sup>
	Actual:	\$ 5,000,000 <sup>2</sup>
% LOP Elapsed:		50%
% of Total Auth. Oblig.		100%
% of Total Oblig. Exp.		40%
% of Total Auth. Exp.		40%

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IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

The project directly supports:

Strategic Objective No. 1: Establishment and maintenance of sound economic policies and structural reforms that promote economic stabilization and sustainable economic growth.

The project also supports:

Strategic Objective No. 2: Reactivated labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agricultural sectors.

Strategic Objective No. 5: Replace coca based employment and foreign exchange earnings with legal alternative.

Percent of LOP Funds Relating to Strategic Objectives: No. 1 - 70 %  
No. 2 - 20 % and  
No. 5 - 10 %

IIB. PROJECT PURPOSE

The purpose of the ESF program is to strengthen Peru's commitment and efforts to establish a sound economic policy framework and to carry out structural reforms that serve as the foundation for economic stability with sustained economic growth. The program also responds to the need for international cooperation in addressing the narcotics problem by encouraging the establishment of a macroeconomic framework that facilitates the creation of alternate sources of income to the economy and providing resources to implement activities that advance counternarcotics objectives.

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<sup>1</sup> \$ 15,500,000 (LOP) plus \$ 4,500,000 to AID's Trust Fund.

<sup>2</sup> \$ 500,000 to date plus \$ 4,500,000 for the AID's Trust Fund

PROJECT STATUS REPORT

April 1, 1992 - September 30, 1992

III. PROJECT DESCRIPTION

The project provides \$50 million in balance of payments assistance in direct support of the Government of Peru's (GOP)'s economic reform program, and budgetary support to finance key counternarcotics activities. The resources will be provided in three tranches: \$ 20 M, \$ 15 M and \$ 15 M. The disbursement of these funds will be conditioned upon continued progress in the counter-narcotic and economic reform programs as established in the International Narcotics Control Act of 1990 (INCA). The U.S. dollar funds will be used to finance servicing of official GOP's debt to the IMF, the World Bank and the Inter-American Development Bank, as consistent with the ESF Cash Transfer Assistance-Amplified Policy Guidance. There are funds programmed as counterpart contributions, \$ 20 M, to finance general budget support with a preference for budget programs that support counter-narcotics activities.

IV. PROJECT STATUS

During the last twenty seven months, the GOP has adopted a firm economic stabilization program aimed to bring inflation down and implemented a set of structural reforms designed to turn the resource allocation process back over to competitive and efficient private markets. Even though the April 5 events, the GOP has been able to finance all external financing from the international financial institutions and met the strict conditionality of the IMF's Right Accumulation Program.

Regarding the ESF program, the GOP met the CPs for the first disbursement in December 1991. The two remaining disbursements have been blocked following the events of April 5. The following is a list of suggested indicators to monitor the results of the ESRP project. All of them correspond to the economic targets, benchmarks and limits established with the IMF. Most indicators are available quarterly, though it is possible that some will be available only yearly. (See tables attached).

A. EOPS: None stated in PAAD.

B. Major Outputs: None stated in PAAD.

C. Other Accomplishments and Overall Status

Ministry of Economy's technical unit has been established, as called for the Agreement. Counterpart funds will be generated as soon as 2nd. and 3rd. disbursement are made. The project has helped the GOP to achieve international credibility as a result of a stabilized economy and the implementation of structural reforms.

D. Problems and Delays

There were significant delays in disbursement of first tranche, because GOP did not provide counterpart contribution originally planned (equivalent to the 100 percent of the dollar transfer). The program was amended to reduce the requirements for counterpart contribution, based on instructions from the LAC Bureau. Because this program was intended as balance of payments support, there is no statutory requirement for a counterpart contribution, according to guidance issued in 1991 (after PAAD was written). The program agreement was renegotiated, to provide for generation of counterpart funds at a lower level, to cover AID trust fund requirements, grantee management costs, and (in final two tranches, not yet disbursed) financing of high priority projects (total LOP counterpart contribution \$ 15,500,000 plus \$ 4,500,000 for AID trust fund). Suspension of US direct assistance to the GOP until democracy is restored includes the ESRP program. The remaining \$ 30 M are expected to be disbursed after November 1992's elections. However, the final decision depends on Washington review of conditionality added to the program after PAAD was written.

E. Major Activities or Corrective Actions During the Next Six Months

Negotiate release of disbursements when CPs met. Prepare annual review of GOP progress on economic reforms. Prepare PAAD for next program. Carry out internal review of use of counterpart funds.

**PROJECT STATUS**

PROJECT NAME	PROJECT NUMBER		START/END DATES		LOP FUNDING	
Economic Stabilization and Recovery Program	527-0344		1991-1994		\$330 million	
OBJECTIVES/INDICATOR	BASELINE		TARGET		ACCOMPLISHED	
	VALUE	DATE	VALUE	DATE	PERIOD	CUMULAT
GOAL INDICATORS		1991		1992	QIII 1992	Jan-Set 1992
GDP growth rate (1)	2.4		3.5		-5.4	-3.2
Inflation rate (%) (2)	139		45.0		9.2	57.7
Changes in net international reserves (\$m) (2)	773		344		-18	-18
External debt disbursements (\$m)	800		1982		-48	302
Central Government fiscal deficit (% GDP)	2.6		1.2		-4.6	-1.4
Non-financial public sector deficit (% GDP)	2.7		4.1 (4)		-5.1	-0.3
Tax collection (% GDP)	7.8		9.2		9.4	8.6
Internal financing of fiscal deficit (% GDP)	-0.4		-0.3		2.7	0.1
External financing of fiscal deficit (% GDP)	3.1		4.4		1.9	0.2
Investment (% GDP) (3)	1.8		15.7		2.6	1.9
Private investment (% GDP)	12.4		12.5		13.0	15.0
Primary emission growth rate (nominal) (2)	95.9		32		12.8	37.5
Primary emission growth rate (real)	-21.0		-8.9		3.3	-2.2
Central Bank net domestic credit (million Nuevos Soles) (2)	52.7		n.a.		-44.6	-157.4
Net domestic credit to the public sector (thousand Nuevos Soles) (2)	63		0		-18.3	167.8

(1) Average percentage increase over the same quarter of 1990.

(2) Quarterly data.

(3) Refers to public investment.

(4) The target includes an increase on public investment.

Source: Central Reserve Bank

SEMI-ANNUAL REVIEW  
 PERIOD: APRIL 1, 1992 - SEPTEMBER 30, 1992

IA. BACKGROUND DATA:

Project Title	PL 480 Title II Monetization
Project Number	N/A
Date of Authorization	N/A
Date of Obligation	April 23, 1991 (Monetization Agreement) Mid April 1992 (Direct Distribution)
PACD	N/A
Implementing Agency	CARE/Peru (CARITAS del Peru, ADRA/OFASA, CARE, Asociacion Benefica PRISMA)
A.I.D. Project Manager	Raul Tapia Barraza

IB. FINANCIAL DATA:

GRANT:

Amount	US\$10,000,000 (FY 1991/92 Monetization)
	US\$55,077,838 (FY 1992/ Direct Distribution)
	US\$13,637,500 (FY 1992/93 Monetization)

PL 480 TITLE II COMMODITIES:

AER Approved for FY 1992 Monetization	26,000 MT
Arrived to date	25,359 MT
AERs Approved for Direct Distribution	121,525 MT
Distribution (Cumulative)	See Attachment A
Total Monetization Program Approval	\$13,637,500

PL 480 TITLE II MONETIZATION:

A. Summary of Operations FY 1992  
(Period Oct. 1, 1991 - March 30, 1992)

INCOME

Balance as of September 30, 1991	\$ 4,217,222
Sales proceeds of rice (Cash terms)	2,090,766
Total Income as of March 30, 1992	6,307,988

DISBURSEMENTS

CARITAS del Peru	\$ 1,921,961
ADRA/OFASA	1,213,530
CARE/Peru	1,365,452
PRISMA	1,359,331
Total disbursements as of March 30, 1992	5,860,274
Balance as of March 30, 1992	\$ 447,714

(Period April 1, 1992 - September 30, 1992)

INCOME

Balance as of March 30, 1992	\$ 447,714
Sales proceeds:	
Cash:	
Wheat Flour (Discount of Promissory notes)	1,483,563
Crude Oil (Discount of Promissory notes)	10,550,361
Accounts Receivable:	
Wheat Flour (Promissory notes pending to be collected)	1,050,508
Crude Oil (Promissory notes pending to be collected)	2,126,731
Total income as of September 30, 1992	\$ 15,658,877

DISBURSEMENTS

Caritas del Peru	\$ 3,740,310
ADRA/OFASA	2,734,473
CARE/Peru	3,319,133
PRISMA	2,043,700
Total disbursements	\$ 11,837,616
Balance as of September 30, 1992	\$ 3,821,261

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

This program is related to three strategic objectives: 1) providing a safety net to poor Peruvians suffering the effects of structural adjustment; 2) stimulating labor-intensive productive opportunities through a revitalized agriculture and private sector; and 3) improving the health status of at-risk families.

Percent of LOP Funds Relating to Strategic Objectives:	1 - 25%
	2 - 35%
	3 - <u>40%</u>
	100%

IIB. PROJECT PURPOSE

The purpose of the PL 480 Title II Monetization Program is to ensure that the resources required to cover logistic, administrative and project support costs are available to carry out the different PVO direct food distribution activities. The objective of the PVO direct distribution activities is to reach as many needy Peruvians as possible with a supplementary ration of donated commodities in exchange for work or training.

III. PROGRAM DESCRIPTION:

Under the PL 480 Title II program, there are two components: the Direct Distribution component and the Monetization component.

Direct Distribution:

The Title II direct distribution program is implemented by four PVOs: CARITAS del Peru, ADRA/OFASA, CARE and PRISMA. The programs concentrate on mother-child health, rural infrastructure and soil conservation under food for work, micro-enterprise development, and agricultural productivity enhancement. The United States provides approximately 70% of the food assistance received in Peru, and Title II covers over 80% of the food used in direct distributions nationwide. Each agency selects beneficiaries according to criteria which assure that they are among the poorest. These projects currently reach 3 million of the most vulnerable "extreme poor" in Peru (now estimated at about 13 million nationwide). The resources provided by this program fund many valuable development initiatives for the poor, allowing not only important health and income benefits, but also providing the critical calories for family survival in recessionary times. It is a critical part of the social safety net for the very poor in Peru.

Monetization Program:

The program covers costs of internal transport, storage, handling, administration, and complementary inputs such as tools, scales, building materials, and training for the Title II cooperating sponsors. Without this component, the direct distribution of Title II food would be impossible.

IV. PROGRAM STATUS:

A. EOPS

See Attachment A for the direct distribution program summaries. Additional information will be in the program status report of each PVO.

Since April 23, 1991 the Government of the United States and the Government of Peru have signed agreements under PL 480 for the monetization of 25,000 metric tons of rice, 6,000 metric tons of wheat flour and 20,000 metric tons of crude degummed soybean oil.

Under the FY92 program, a total of 19,931.65 metric tons of crude degummed soybean oil and 6,007.84 metric tons of wheat flour were donated at the following costs according to the bills of lading:

<u>Vessels</u>	<u>MT</u>	<u>Commodity cost</u> US\$	<u>Ocean Freight</u> US\$	<u>Total Cost</u> US\$
Degummed soybean oil				
Poseidon	6,999.39	3,329,549.00	489,957.65	3,819,506.65
Ponciana	5,999.53	2,876,167.00	394,549.22	3,270,716.22
Lightning	<u>6,932.73</u>	<u>3,428,162.80</u>	<u>534,444.16</u>	<u>3,962,606.96</u>
TOTAL	19,931.65	9,633,878.80	1,418,951.03	11,052,829.83

Wheat Flour				
Stella Lykes	6,007.84	1,636,387.24	591,171.85	2,227,559.09

CARE/Peru had an agreement with USAID for the sale of the 20,000 MT of soybean oil and 6,000 MT of wheat flour. For performing this service, CARE was reimbursed for handling and storage and received a fixed fee to cover its indirect costs.

Sales:

Total Crude Oil Sold		19,794.25 MT
Total sales proceeds	US\$ 12,677,092.18	
Average sales prices by MT	US\$ 640.44	
Total Wheat Flour Sold		5,984.84 MT
Total sales proceeds	US\$ 2,534,070.93	
Average sales price by MT	US\$ 423.21	

During FY 1992 the amount of US\$17,697,889.92 in monetization proceeds was transferred to the PL 480 Title II Cooperating Sponsors (CARITAS del Peru, CARE, ADRA/OFASA and PRISMA) to support the implementation of their food assistance programs. The budgets approved for the Cooperating Sponsor programs totaled US\$19,716,856. The amount transferred represents 89.76% of the approved budgets for FY 92.

For FY 1993 A.I.D./W approved the amount of US\$19,176,973, including freight costs, for the USAID/Peru Title II Monetization Program. The corresponding PVO budgets for FY 1993 have been reviewed and approved by the Mission.

B. OUTPUTS - see individual PVO SAR reports.

C. MAJOR ACCOMPLISHMENTS - see individual PVO SAR reports.

D. PROBLEMS AND DELAYS

1. FFD is working jointly with representatives of the Ministry of Economy and Finance and Foreign Relations to obtain GOP agreement and signature on the latest amendment to the Monetization Agreement signed April 23, 1991. This amendment provides CARE the documentation it requires to support its non-payment of the Sales Tax (Impuesto General a las Ventas - I.G.V.) related to the sale of Monetization Program commodities.

2. Because of difficulties in ordering the first call forward in FY92, there was a gap between leftover funds from FY91 and the availability of FY92 generations. This led to a severe cash flow problem which was only resolved near the end of the fiscal year. PVOs were required to cut all capital expenditure and postponable costs and to prioritize expenditures on food handling for nearly four months.

E. PLANNED ACTIVITIES DURING THE NEXT REPORTING PERIOD

1. Obtain the GOP signature on the latest Amendment of the Monetization Agreement.
2. Sign the new PL 480 Title II Monetization Program Agreement for FY 1993. Receive first call forward in Peru by December to avoid cash flow problems.
3. Close accounts for all operations carried out in FY 1992 with Monetization funds. Conduct audit of monetization account by independent auditors.
4. Conduct management study of how USAID programs and accounts for Title II monetization funds and examine internal controls for adequacy.

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PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

IA. BACKGROUND DATA:

Project Title: PRISMA OPG: Integrated Food, Nutrition and Child Survival  
Project Number: 527-0323  
Date of Authorization: 09/30/88 Amended 07/26/89 Amended 03/29//90  
Date of Obligation: 09/30/88  
PACD: 12/31/92  
Implementing Agencies: Asociacion Benefica PRISMA  
Ministry of Health (MOH)  
Ministry of Education (MOE)  
Major Contractors: N/A  
AID-Project Manager: Alfredo Gutierrez  
Status of CPs/Covenants: N/A, OPG (All Standard Provisions are on track)  
Date of Last Evaluation: 10/91 Next evaluation: 12/92  
Planned Number of Non-Federal Audits During Fiscal Year: None  
The Number of such Audits Contracted for/Completed: N/A  
Date of Last Audit: 09/30/91 Next Audit: 12/31/92

IB. FINANCIAL DATA:

GRANT:  
Amount Authorized: \$ 750,000  
Amount Obligated: \$ 750,000  
Amount Committed: \$ 750,000  
Period: \$ 000 000  
Cumulative: \$ 750,000  
Accrued Expenditures \$ 688,092  
Period Projected: \$ 72,000  
Period Actual: \$ 70,771  
Cumulative: \$ 688,092  
Period Next: \$ 61,908

COUNTERPART CONTRIBUTION (PRISMA & MOH):

Planned: \$ 286,800  
Obligated for Period \$ 26,300  
Actual: \$ 286,800

% of LOP Elapsed: 94.23 %  
% of Total Auth. Oblig.: 100.00 %  
% of Oblig. Exp.: 91.74 %  
% of Total Auth. Exp.: 91.74 %

PL 480 TITLE II COMMODITIES:

AER Approved for FY 1992 19,028 MT  
Arrived to date: 14,071 MT  
Balance Transferred to Emerg.: 4,957 MT  
Distribution (Reporting Period) 2,829 MT  
Distribution (Cummulative) 10,802 MT  
Total Program Approval: \$ 6,081,900

PL 480 TITLE II MONETIZATION:

FY 92 Budget Approved: \$ 3,435,224  
FY 92 Total Transfers: \$ 3,403,631  
FY 92 Total Expenditures: \$ 2,529,721

CENTRALLY FUNDED GRANTS:

<u>Funds</u>	Approved	Approved	Disbursed	
	<u>FY 91</u>	<u>FY 92</u>	<u>FY 91</u>	<u>FY 92</u>
Farm Bill	110,000	408,450	101,123	166,243

The FY 1992 funds were approved for a total amount of \$408,450 (\$198,450 for technical assistance and implementation of a Computerized Management Information System -PANSERV- in twelve decentralized locations in Peru, and \$210,000 for warehouse purchase, construction and equipment).

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

This Program relates directly to two Mission strategic objectives: it contributes 1) to providing a social safety net to poor Peruvians suffering the effects of structural adjustment, and 2) to improving the health status of at-risk families, particularly of mothers and children (0-60 months), and increasing their access to health services throughout Peru.

Percent of LOP Funds Relating to Strategic Objectives: 1 - 5%  
3 - 95%  
100%

IIB. PROJECT PURPOSE

To support PRISMA in its efforts to integrate the supplementary feeding program of the Ministry of Health with maternal and child health care activities and to provide more effective distribution and targeting of food commodities than current or past Government programs through the application of a risk analysis to identify program beneficiaries.

III. PROJECT DESCRIPTION

The overall goal is to improve the nutritional status of mothers and children (0-59 months) by targeting Title II PL 480 food and integrated health care to families identified as being at high risk for child malnutrition or death with emphasis on rural and peri-urban slum areas of Peru. The PRISMA activity designed to implement this program is known as PANFAR.

The project provides a much needed food supplement to highest risk families based on health and nutritional criteria which are frequently linked to economic disadvantages. These supplements provide a small cushion to the poorest families suffering under effects of the structural readjustment of the economy.

The project is also oriented to strengthen preventive health care systems and increase access to them, to improve the nutritional status of mothers and children, and pre-school children, and to promote partnerships and effective collaboration between the PVO and private and public sectors (MOH, MOE, IPSS).

This project fosters the role of women as community leaders, educators, and first-line health promoters, utilizing staff training programs, basic health education, the promotion of effective breastfeeding and weaning foods, and encouraging innovative approaches to addressing child survival, maternal health issues and complementary nutrition.

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The project has three components:

1. Distribution of PL 480 Title II food commodities. This component, to be effective, is integrated with other child survival activities, uses a high risk targeting methodology, and assures a minimum of 6 months coverage for each family.

2. Training component. To strengthen and increase the efficiency of the program, training is provided for 1,800 key health personnel from all MOH levels, and covers all areas of project development and operation.

3. Monitoring and evaluation components. These components are designed to assure timely implementation of activities and to provide bases for future planning.

The supervisors compile data collected from the field for processing through the PANFAR Information System.

IV. PROJECT STATUS

A. EOPS

PRISMA will work closely with PACT under the PVO Support Project to develop End of Project Status (EOPS) indicators for the new MYOP (FY 93-97) period. Progress towards the EOPS will be monitored and reported regularly in future reviews. The following is a summary of the progress achieved toward the life-of-project goals.

ACTIVITIES:	LOP	A	C	C	O	M	P	L	I	S	H	E	D
		Last	Cum.	Period	Cum.	% of LOP							
1. Identify high-risk mothers and children. (FAMILIES)	335,500	396,500	37,000	433,500	129 %								
2. Identify pre-school children from high-altitude, rural, insolated jungle and peri-urban slum areas. (CHILDREN)	937,800	595,000	75,000	670,000	71 %								
3. Organize and implement Nutrition Workshops. (WORKSHOP)	11	12	0	12	109 %								
4. Design, install & implement a Nutritional Surveillance Survey in each Peruvian region to be used as a planning and evaluation tool. (REGIONS)	9	6	0	6	67 %								
5. Conduct food logistics supervisory field visits. (No)	112	123	35	158	141 %								
6. Train field health workers. (No).	1,800	4,008	120	4,128	229 %								

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B. MAJOR OUTPUTS

B1. Training

During the reporting period the following training events were conducted:

1. Seminar VI on Home Nutritional Rehabilitation of the malnourished child was completed in 25 UDES in which 455 health workers (312 women) participated.

2. In connection with the agreement signed with IPSS on April 8, 1992, a group of 12 IPSS specialists (9 women) were trained at the Hospital del Empleado during the week of June 22nd, to start applying the risk strategy for the selection of IPSS-client beneficiaries for the PANFAR Program.

3. A retraining of the 6 Kusiayllu supervisors (all women) took place during the week of September 21 to 26 in Lima.

4. Training of 21 field workers (14 women) who were responsible for the II National PANFAR Inventory was held in INANC from September 21 to 26 in Lima.

B2. Monitoring

1. Supervisory visits were conducted during this semester to a total of 35 UDES, 76 UDES, 353 health establishments and 456 PANFAR beneficiaries.

2. The new Ministry of Education (MOE) leadership accepted the need to re-direct the small MOE component of the PANFAR program that reaches high-risk pre-schoolers through day-care type activities. The following agreements were reached: PANFAR will coordinate activities in Lima only with two special pre-school groups that work with children under 3 years of age, and PRISMA will propose new directives for the execution of this component of the program. MOH will also promote the active participation of their workers in training and monitoring activities.

3. The data obtained from the first round of the Kusiayllu longitudinal nutrition surveillance survey demonstrates that children less than 3 years old in Piura, as compared with the other survey sites (Chincha, Tarapoto, Ayacucho, Cuzco and Arequipa), have on an average the poorest nutritional status.

B3. Food Distribution

1. PRISMA is using 4 warehouses at the national level: 2 in Lima (IPSS and Mercados del Pueblo), one in Arequipa and one in Trujillo. At the end of this reporting period there were approximately 5,000 MT of commodities in stock.

2. 4,957 MT of PANFAR commodities were reprogrammed to assist population groups severely affected by the prolonged drought in the Peruvian highlands. PRISMA has transferred these commodities to ADRA/OFASA, CARE and CARITAS for the drought emergency distribution.

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3. During the reporting period, 5,729 MT of PL 480 Title II food commodities were transferred to the UDES. The local health establishments have in turn distributed 2,829 MT during the reporting period, bringing total distribution for the fiscal year to 10,802 MT. According to PRISMA's latest inventory there were 2,900 MT of commodities in the UDES and UTES, at the end of the reporting period.

#### C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

PRISMA efforts during the reporting period to increase the efficiency and effectiveness of MOH health services have had good results. Latest visits by PANFAR supervisors of 147 decentralized warehouses reveal that storage and protection of program food have improved notably. Most facilities inspected are well ventilated and have suitable protection from weather and theft. Two thirds of the warehouses have optimal stacking capability and practices, and about half of the facilities have well functioning commodity control systems. In addition, monthly sanitary inspections are now standard procedure and are carried out on a regular basis in a third of the cases.

The quality of supervision has also improved. Supervisory visits are being perceived as opportunities more for technical support than fault finding. Recognition of superior performance among MOH personnel is also being acknowledged in program publications such as the bimonthly bulletin BIANS. Evaluative feedback of MOH workers in the PANFAR program demonstrates that professional sensitivity of this kind is having a positive effect on the morale of otherwise poorly compensated public sector employees.

The potential effectiveness of the PANFAR program methodology on a wide scale is reflected in the well-documented PANFAR operations in the Pampas de San Juan Pueblo Joven of Lima. Even though the criteria and conditions for releasing at-risk children from the program are very demanding, 73% of the children and their mothers (248 of 341 participants) have "graduated" after six months. PANFAR personnel are monitoring the condition of the "graduates" carefully to be certain that the mothers have adopted the appropriate habits and practices so that relapses after rehabilitation can be avoided. Results of this kind permit other at-risk children and their mothers to be attended to at the end of the six months, and put the responsibility for nutritional protection of the rehabilitated child on the family.

A more general positive finding from supervisory visits and in-service training evaluations is that MOH PANFAR personnel at the health post level are truly integrating Title II supplementary feeding with other health interventions. The impact of more generalized family planning practices, updated immunizations of children and better control of diarrhea and respiratory infections at the community level should come to light over a longer term in future evaluations.

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D. PROBLEMS AND DELAYS

1. During the inventory of the warehouses at the UDES and UTES level, field workers identified three (Jaen, Bagua and Cajamarca) that are in very bad condition and several others that are inadequate. Public Treasury funds have been potentially available for necessary repairs and improvements, but the MOH has not provided the Ministry of Economy and Finance (MEF) adequate and sufficiently detailed support documentation to justify the allocations.

2. In the PANFAR program secondary transport (from UDES and UTES to beneficiaries) has proven to be a bottle-neck. It seems some UDES do not even request funding from the central level; rather they wait for the MOH to send programmed funds on a regular basis. PRISMA is asking PANFAR representatives to send written requests to the central level with copies to PRISMA in order to try to activate this part of the disbursement process. In some exceptional cases, secondary transportation costs are paid by PRISMA.

3. The MOH was on strike from August 24 to September 18, 1992, causing more of a slowdown than a paralysis of project activities.

4. Less than the planned distribution of 12.5 kg. monthly (30% of the daily nutritional requirements) for a minimum of 6 months per year, is actually reaching PANFAR beneficiaries. The 12.5 kg ration, intended for the mother and up to two children under five, is generally being consumed by all family members (on average, 6 per family). This is understandable considering the usual linkage between nutritionally at-risk status and family income. PANFAR beneficiary families are generally extremely poor, with serious employment or production problems. PRISMA and the MOH are working closely to reassess and redefine, if necessary, what should be an appropriate family ration. Continued dilution of the ration must be avoided in order to ensure the desired and necessary nutritional impact of the complementary feeding component of the program.

5. The security situation continues to affect partially the supervision, monitoring and food distribution in the Departments of Junin, Ancash, Ayacucho and la Libertad.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. Analyze the data collected from the commodity inventory survey and coordinate food distribution accordingly. Continue supervisory visits and conduct special visits to specific UDES identified during the inventory as having logistics problems involving secondary distribution and warehouse space and quality.

2. Submit the inventory survey report to the MEF as support documentation for the funds that have been requested to repair and improve MOH storage facilities. Also, obtain the PRONAA Warehouse Administration Manual for distribution to all PANFAR warehouse managers to provide badly needed guidelines and instructions for proper storage procedures and practices.

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3. Contact other PVOs working in health and/or nutrition in order to coordinate efforts and increase population coverage, primarily in the sierra and rural areas.

4. Develop objective criteria to identify at risk schools, specific norms to implement the program, and establish a better information system for the pre-school component.

5. Generate an evaluation survey that will be filled by all UDES and UTES. This information will serve as the basis for the establishment of criteria for food distribution during calendar year 1993.

6. Present the IX and X Nutrition Seminars on Training and Supervisory Methods in 15 sites for 6 days each to 605 participants at the national level.

7. Select a PANFAR Program poster, flyer and slogan from materials produced during the VIII PANFAR workshop. The selection will be held in Lima during December, representatives of MOH and USAID and communications experts will be invited as judges.

8. A final evaluation of OPG 527-0323 support of the PANFAR program will be conducted in December 1992.

9. We will pursue with PRISMA a review of the beneficiary ration issue cited earlier (IV.D.4.), and arrive at a joint determination as to whether some modification of the ration volume and/or composition is necessary. As part of the review process, PRISMA will undertake a pilot study utilizing a reinforced ration mix totalling approximately 15-16 kg. monthly, per family. PRISMA will monitor the data of this study in close coordination with the other cooperating sponsors, ADRA/OFASA in particular, to compare the nutritional effects of ration size on the beneficiaries targeted.

OFA/FFD:AGutiérrez:vvt

Clearance:

OFA/FFD:GBaldino

OFA/FFD:MKerst

TITLE II MONETIZATION:

FY 92 Budget Approved	\$ 3,581,570
FY 92 Total Transfers	\$ 2,466,425
FY 92 Total Expenditures	\$ 2,305,756

CENTRALLY FUNDED GRANTS (FFP/W):

<u>Funds</u>	<u>Approved</u>		<u>Disbursed</u>	
	<u>FY 91</u>	<u>FY 92</u>	<u>FY 91</u>	<u>FY 92</u>
Farm Bill	156,065	255,000	156,065	125,600
Institutional Support Grant	85,000	115,000	85,000	115,000
T o t a l :	241,065	370,000	241,065	240,600

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

This project relates directly to three Mission strategic objectives: it contributes 1) to providing a social safety net to poor Peruvians suffering the effects of structural adjustment, 2) to stimulating labor-intensive productive opportunities through a revitalized agriculture and private sector, and finally, 3) to improving the health status of at-risk families, particularly of mothers and children (0-60 months), and increasing their access to health services throughout Peru.

Percent of LOP Funds Relating to Strategic objectives: 1 - 10%  
 2 - 50%  
 3 - 40%  
 100%

IIB. PROJECT PURPOSE

To provide support to ADRA/OFASA's institution-building and program development process aimed to improve and expand its maternal and child health programs, and to develop its food-for-work activities in the priority areas of agricultural production, productive community infrastructure, and micro-enterprise development.

III. PROJECT DESCRIPTION

The Project works to improve the nutritional status of mothers and children, particularly nutritionally high-risk children from 0-60 months of age, to promote quality primary health care, to improve basic sanitation conditons in participating communities, and to strengthen preventive health care systems and increase access to them.

The project also contributes to income growth and greater economic stability among the very poor, to generating new employment opportunities and greater productivity in the agriculture and small business sectors, to promoting partnerships and effective collaboration between the private and public sectors, and, though on a small scale, to promoting non-traditional exports.

The project has a number of activities to achieve the project purpose:

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PROJECT STATUS REPORT  
APRIL 1, 1992 - SEPTEMBER 30, 1992

IA. BACKGROUND DATA:

Project Title: ADRA/OFASA OPG: Nutrition and Food-for-Work  
Project Number: 527-0328  
Date of Authorization: 09/30/88  
Date of Obligation: 09/30/88 Amended 07/26/89 Amended 03/30/90  
PACD: 12/31/92  
Implementing Agency: ADRA/OFASA del Peru (A/O).  
Major Contractors: N/A  
AID-Project Manager: Alfredo Gutierrez  
Status of CPs/Covenants: N/A, OPG (All Standard Provisions are on track)  
Date of Last Evaluation: 11/91 Date of Next Evaluation: 12/92  
Planned Number of Non-Federal Audits During Fiscal Year: None  
The Number of such Audits Contracted for/Completed: N/A  
Date of Last Audit 06/30/91 Date of Next Audit: 12/31/92

IB. FINANCIAL DATA:

GRANT:  
Amount Authorized \$ 1,250,000  
Amount Obligated \$ 1,250,000  
Amount Committed \$ 1,250,000  
Period \$ 000 000  
Cumulative \$ 1,250,000  
Accrued Expenditures \$ 1,163,064  
Period projected \$ 142,000  
Period actual \$ 157,380  
Cumulative \$ 1,163,064  
Period Next \$ 86,936

COUNTERPART CONTRIBUTION (ADRA):

Planned \$ 341,600  
Period \$ 36,600  
Actual \$ 341,600

% of LOP Elapsed 94.23 %  
% of Total Auth. Oblig. 100.00 %  
% of Oblig. Exp. 93.04 %  
% of Total Auth. Exp. 93.04 %

PL 480 TITLE II COMMODITIES:

AER Approved for FY 1992 18,588 MT  
Arrived to date 18,502 MT  
Distribution (Reporting Period) 9,163 MT  
Distribution (Cumulative) 17,506 MT  
Total Program Approval \$ 7,524,247

1. To carry out a series of health and nutrition interventions among pregnant and lactating women and children under 6 years of age in order to reduce malnutrition, improve health, and enhance child survival.

2. To provide agricultural credit, tools, and other inputs to farmers with below average yields, in order to increase incomes and food availability.

3. To increase family incomes through the establishment of group-operated micro-enterprises.

4. To fund selected infrastructure projects, especially those which support agricultural and other productive activities, in order to increase incomes and enable essential services to be provided to the communities.

#### IV. PROJECT STATUS

##### A. EOPS

ADRA/OFASA will work closely with P.A.C.T. under the PVO Support Project to develop End of Project Status indicators (EOPS) for the new MYOP (FY '93 -96) period. Progress towards the EOPS will be monitored and reported in future reviews. See also Annex A for table on progress achieved in relation to life of project goals.

##### B. MAJOR OUTPUTS

1. During the reporting period the following institutional strengthening events were conducted:

a. A course on "Nutritional Rehabilitation of the Undernourished Child at the Family Level" was presented by A. B. PRISMA to 20 supervisors of the Maternal Child Health Program (Lima, May 11 to 18 and 18 to 22).

b. Workshop on "Methodology for Evaluation of Early Stimulus of the Child" was addressed to four early childhood educators of the Maternal and Child Health Program (Lima, May 24 to 26).

c. The Seminar Workshop "Management of Evaluation Techniques and Instruments" was presented by ADRA/OFASA to 73 program supervisors and regional directors (Lima, September 7 to 11). The seminar was reinforced by experts of Cuanto Institute who lectured on the subject of sampling techniques.

2. In the Maternal Child Health Program:

- . 15,734 children of the ages 0 to 60 months have been immunized. This represents 98% of the children 0 to 60 months registered in the program.
- . Of the pregnant mothers registered in the program, 89% (395) have been immunized with the Tetanus Toxoid.
- . 80% (15,995) of the children in the program between the ages 0 to 6 years show a positive growth curve.

3. In the other programs:

- A/O implemented 1,687 projects in 1,696 communities for 315,150 beneficiaries, as follows:

<u>Programs</u>	<u>Beneficiaries</u>	<u>No. Projects</u>	<u>No. Communities</u>
Maternal Child Health	23,451	262	257
Other Children	14,654	140	101
Agricultural Development	58,090	241	229
Micro-enterprise	25,210	267	235
Basic Communal Infrastruc.	<u>192,745</u>	<u>776</u>	<u>874</u>
Sub Total Regular Prog.	315,150	1,687	1,696
Emergency	<u>55,330</u>	<u>101</u>	<u>101</u>
T O T A L:	370,480	1,788	1,797

- 4,402 families from 79 communities benefited from the construction/rehabilitation of 268 Km. irrigation canals.
- 3,917 families from 95 communities have benefited from 321 Km. road construction/rehabilitation.
- 3,119 families from 51 communities have benefited from the construction of 3,059 latrines in their homes.
- 4,589 families from 92 communities have benefited from the installation of 78 Kms. of tubing for potable water and sewage systems.
- 11,618 families in 229 communities cultivated 922 Has. through 42 projects with full support (technical assistance, seed and fertilizer) obtaining a 30% average increase in production over traditional yields.

4. During the reporting period the number of beneficiaries according to programs executed and their location are as follow:

<u>PROGRAMS</u>	<u>NUMBER OF BENEFICIARIES</u>			<u>WOMEN PARTICIPANTS</u>
	<u>MARGINAL-URBAN</u>	<u>RURAL</u>	<u>TOTAL</u>	
Maternal Child Health	18,820	4,631	23,451	8,402
Other Children	10,792	3,862	14,654	-
Agricultural Development	18,115	39,975	58,090	5,959
Micro-enterprise	20,125	5,085	25,210	4,358
Basic Communal Infrast.	<u>77,505</u>	<u>116,240</u>	<u>193,745</u>	<u>18,837</u>
Sub Total :	145,357	169,793	315,150	37,556
Emergency	<u>27,112</u>	<u>28,218</u>	<u>55,330</u>	<u>15,810</u>
T O T A L:	172,469	198,011	370,480	53,336

Of total regular program beneficiaries (315,150), 63,811 were direct adult participants in health/nutrition or food-for-work activities. Of this adult participant total (63,811), 59% or 37,556 were women.

5. An external Financial Audit of both the OPG and the ADRA/OFASA Monetization Program was carried out by Price Waterhouse. The final report is being reviewed by the Controller and OFA Offices.

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

HS

ADRA/OFASA continues to work toward the consolidation of project activities into larger management units and the integration of different sectoral activities within the same community to use available resources more efficiently, and to look for new financial sources outside the PL 480 food program to support the implementation of some of its programs.

Further, ADRA/OFASA carried out an internal impact evaluation during the reporting period which provides valuable information on the overall achievement of project objectives. Sample data were collected from the departments of Piura, Lambayeque, La Libertad, Cajamarca, Lima, Arequipa, Tacna and Puno. The main conclusions were:

a. For the Maternal Child Health Program:

- . 92% of the mothers have demonstrated that they know the nutritional status of their children and know how to interpret the growth and development card issued by the MOH.
- . 96% of the mothers practiced exclusive maternal breast feeding of their children up to 6 months of age, and proper feeding practices during the weaning period.
- . 95% of the mothers know how to deal with their children concerning Acute Respiratory Infections (IRA).
- . 96% of the mothers know about Oral Rehydration Therapy (ORT) and the proper diet during periods of diarrhea.

b. For the Micro enterprise Program:

- . 542 family micro-enterprises have been successfully organized and are functioning.
- . 1,403 new jobs have been created.
- . 85% of the people polled were unemployed or part-time workers before forming part of the program.

The following profile is illustrative of what is being accomplished and of the long term effects of the project on the lives of the very poor.

- . Sonia Abanto Chavez, 35 years of age, from Cajamarca (northern highlands of Peru), mother of four young children (Sonia, Julio, Juan, and Tatiana). Two years ago she was a house-wife and mother dependent on the employment of her husband, Julio, for the income needed to support the family. Julio suffered serious injuries when his motorcycle crashed into a truck. The accident caused Julio to be permanently disabled. With the opportunity presented within the ADRA/OFASA program, Sonia today has learned the trade and become expert in the bakery business. She has worked up to a daily production of 3,500 units of bread. She nets a total income after expenses of S/. 350 (US\$225) monthly. The minimum wage in the country amounts to S/. 72 (US\$46.45). Sonia represents one of the 542 family micro-enterprises mentioned above. Her bakery employs 7 people; they represent 7 of the 1,403 new jobs created as a direct result of this activity.

D. PROBLEMS AND DELAYS

1. Security problems continue to partially affect the supervision, monitoring and implementation of project activities in the Departments of Junin, Puno and Cajamarca.

2. Because of the delay in availability of FY 1992 Farm Bill - Section 202 (e) - funds, A/O only recently began construction on the food warehouse planned for Lima.

3. The marginal-urban sector of Peru as compared to the rural zone, is still benefitting more than planned. 145,357 or 46% of the beneficiaries are marginal-urban and 169,793 or 54% are rural. However, in relation to the former SAR, there is a 13% improvement in favor of beneficiaries reached in the rural areas. In the new FY 1993-96 MYOP, ADRA will continue to direct the priority focus of its development programs toward the most needy sectors of the rural highland populations.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. Follow-up actions will be taken to ensure ADRA compliance with the recommendations made in the OPG and Monetization Audit.

2. Regulations for Micro-enterprise and Agricultural Revolving Funds, completed at the end of FY 92, will be implemented.

3. The final evaluation will be completed and submitted to USAID in January 1993.

4. A/O will continue the construction of a warehouse building in Callao with Farm Bill funds. The warehouse will be used to store food for distribution to Lima and the departments of the central part of the country.

5. As part of the MYOP 1993-96 plan to develop new project activities in the departments of Tumbes, Piura, Lambayeque, Lima, Junin, Huancavelica, Arequipa, Cuzco and Puno, technical field personnel will receive in-service training related to micro-location, diagnosis, selection of beneficiaries, organization, management, monitoring and evaluation of projects.

6. In accordance with the MYOP, seven integrated rural development pilot projects will be started in the departments of Junin, Cuzco, Puno and Arequipa.

7. A/O will produce training manuals for volunteer promoters in the areas of health, food and nutrition, home economics, accounting, administration, marketing, planning and production control, and basic sanitation.

8. The technical coordination staff of the national office will visit each regional office to supervise, evaluate, and provide technical assistance for the ongoing projects.

9. ADRA/OFASA, which utilizes a much larger ration in a nutritional rehabilitation activity similar to that developed by PRISMA and the MOH in the PANFAR program, will work closely with PRISMA in FY 93 to test the effectiveness of the A/O methodology on program beneficiaries and compare results of its study to the analyses conducted by PRISMA of the PANFAR complementary feeding component on PANFAR program beneficiaries. The comparative study should help reaffirm or redefine the appropriate ration mix and level of similar nutrition-related interventions for high-risk population groups.

FFD:AGutierrez

Clearance:

FFD:GBaldino

FFD:MKerst

.2441F

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PROJECT STATUS REPORT  
APRIL 1, 1992 - SEPTEMBER 30, 1992

IA. BACKGROUND DATA:

Project Title: CARE OPG Food-Assisted Integrated Development Project (PRODIA)  
Project Number: 527-0330  
Date of Authorization: Original 09/27/88  
Date of Obligation: 09/27/88  
PACD: 12/31/92.  
Implementing Agencies: - CARE/Peru.  
- The National Office for Food Assistance (PRONAA).  
- The Ministry of Health (MOH) for Lima/Callao and Piura.  
- The Ministry of Agriculture (MOA) through the General Directorate of Forestry and Wild Life (DGFF)  
- Regional Government for the Departments of Cajamarca, Ancash, La Libertad, Puno, and Cusco.  
- The local NGO's:  
(a) "SEPAR" (Department of Junin).  
(b) "Vecinos Peru" (Departments of Huancavelica and Ayacucho).  
(c) CEDDRE (Department of Apurimac).  
Major Contractors: N/A.  
AID Project Manager: Mario Quiroga.  
Status of CP's/Covenants: N/A, OPG. (All Standard Provisions are on track.)  
Date of Last Evaluation: 6/91 Date of Next Evaluation: 2/93  
Planned Number of Non-Federal Audits during Fiscal Year: 1  
Number of such Audits completed: 1  
Date of Last Audit: 6/30/92 (FY 1991 A-133 audit)  
Date of Next Audit: 6/30/93 (FY 1992 A-133 audit)

1B. FINANCIAL DATA:

Amount Authorized:	OPERATIONAL PROGRAM GRANT	US\$	728,000
Amount Obligated:	OPERATIONAL PROGRAM GRANT		728,000
Amount Committed:	Period:		000 000
	Cumulative:		728,000
Accrued Expenditures:	Period - Projected:		12,000
	Period - Actual		(952)
	Cumulative		713,390
	Period - Next		14,610
Counterpart			
Contribution (FY 1992):	Planned:	US\$	361,230 (CASH)
	Actual:	US\$	290,130 (CASH)

PL 480 Title II Commodities:

AER FY 1992 approved (Line 17)	36,794 MT.	
Arrived to date	29,240 MT.	
Distribution (reporting period)	11,055 MT.	
Distribution (cumulative)	24,266 MT.	
Total commodity value		US\$ 13,631,332
Ocean transportation		4,179,366
Total Program Approval		17,810,698

PL 480 TITLE II MONETIZATION

FY 1992 Budget Approved:		US\$ 5,897,479
FY 1992 Total Transfers:		4,480,520

Centrally Funded Grants (FY 1992) - FFP/W:

- Farm Bill:	Approved:	US\$ 997,598
	Disbursements:	850,739
- Strengthening Grant:	Approved:	US\$ 291,884
	Period Disbursements:	223,063

% of LOP Elapsed:	94.230
% of Total Auth. Oblig.	100.00%
% of Oblig. Exp.	97.99%
% of Total Auth. Exp.	97.99%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

This program relates directly to three mission strategic objectives: it contributes 1) to providing a social safety net to poor Peruvians suffering the effects of structural adjustment; 2) to stimulating labor-intensive productive opportunities through a revitalized agriculture and private sector; and finally, 3) to improving the health status of at-risk families, particularly of mothers and children (0-60 months), and increasing their access to health services throughout Peru.

Percent of LOP Funds Relating to Strategic Objectives: 1 - 40%  
 2 - 30%  
 3 - 30%  
 100%

IIB. PROJECT PURPOSE

To promote community development in the depressed peri-urban and rural areas of major cities and highland (sierra) regions located in eleven (11) Departments of Peru, through active community participation of the targeted population, in a manner which strengthens community organizations, relieves economic pressure through the provision of donated food, and increases family incomes of the poor residents of these areas.

III. PROJECT DESCRIPTION:

The overall objective of the PRODIA Project is to assist Peru's urban and rural poor to meet their primary food security needs in the short and long term. In order to address the needs in an integrated manner, the Project includes food/nutrition interventions, the development of small enterprise activities, the promotion of agricultural production and productivity and the responsible management of natural resources.

A.- URBAN INTERVENTIONS:

A.1. The PRODIA Communal Feeding Support component is aimed at supporting the families that have organized "comedores" in the urban shanty towns in six of the country's principal cities, and the destitute people who have to rely on charitable organizations for their food (homes for abandoned or mentally retarded children, and for the indigent elderly). There is also a component which involves training and the supply of seeds for vegetable gardens associated with "comedores". Further, CARE provides financial resources on a case-by-case basis to improve the "comedor" installations and equipment (kitchen utensils and construction materials).

A.2. The Women's Income Generation component operates through the "comedores" in Lima/Callao, Cajamarca, Puno, Trujillo and Chimbote and addresses the problem of low income women in the marginal urban zones. The project provides small loans of \$500 to \$800 to organized "Clubes de Madres" through a revolving fund system. The project provides loans, training and technical assistance to women taking part in approved income generating activities. The CARE project serves as a bridge between intensive food distribution and productive alternatives to improve earnings, thus responding to one of the principal causes of food insecurity. Women project beneficiaries from the "comedores" who succeed in organizing their small businesses may request additional assistance from the more specialized PRODIA activity, the Micro-Enterprise Development component.

A.3. The Micro-enterprise Development component of the PRODIA Project aims to address the problem of low and limited income among needy population groups located in the peripheral urban zones of Lima/Callao and Trujillo, by generating employment. As with the women's credit component, the micro-enterprise participants have no access to credit through the established financial system, basically due to their level of poverty and inability to provide the required guarantees or demonstrate their capacity to repay the loans. CARE negotiates specific agreements with well-established financial institutions and provides a loan guarantee fund in an initial phase to minimize risks. On the basis of this model CARE has succeeded in persuading financial institutions to open up new lines of credit.

B.- RURAL INTERVENTIONS:

B.1. The WAWAWASI Sustainable Child Nutrition component responds directly to the problem of food security through the provision of meals to nutritionally vulnerable children, utilizing native foods locally produced. In addition, the component promotes the production of these agricultural products within the beneficiary communities, thus providing a longer term solution to the problem of hunger. The parents and other members of the community are responsible for farming the land. A Communal Agricultural Promoter from each community is trained to coordinate the agricultural activities. The direct beneficiaries are children under the age of six years from rural communities located in the Departments of Puno, Piura, Cajamarca and Ancash.

B.2. The Highland Agriculture Productivity Improvements and Natural Resource Conservation component is a food-for-incentive activity which addresses the food shortage problem of the rural "sierra campesino", located in nine (9) Departments, offering technical assistance in agricultural practices, providing temporary family food rations and nutritional orientation.

IV.- PROJECT STATUS:

A. EOPS

CARE/Peru will review and update its internal documentation related to End of Project Status (EOPS) indicators for the new MYOP period (FY 93-97), and coordinate the use of this data with A.I.D. and P.A.C.T. under the PVO Support Project. Progress related to these EOPS will be monitored and reported regularly in future reviews.

B. MAJOR OUTPUTS

Progress During Reporting Period

1.- URBAN INTERVENTIONS:

a.- Food and technical assistance to groups of marginal-urban women in 2,640 organized " <u>comedores</u> ".	2,183
b.- Food-assistance to " <u>comedores</u> " under GOP Social Emergency Program.	342
Total "Comedores"	2,525 (95.6%)
c.- Food-assistance to 232 "Special Groups"	409 (176.3%)
d.- Beneficiaries:	
Regular Program: 370,700	258,478
"Special Groups": 23,997	49,573
GOP Social Emergency Program	38,444
Total Beneficiaries	346,495 (87.8%)
e.- Food distribution:	
Regular Program: 14,179 MT	7,471 MT
"Special Groups": 1,100 MT.	1,747 MT
GOP Social Emergency Program	593 MT
TOTAL	9,811 MT (64.2%)
f.- FFW support to 90 community sponsored projects	94 (104.4%)
Beneficiaries 13,500	22,610
Food distribution: 300 MT.	276 MT
g.- Infrastructure improvements:	
No. of " <u>comedores</u> ": 718	445 (62.0%)
Financial resources: \$ 135,800	125,791 (92.6%)
h.- Loans to groups of women members of the " <u>comedores</u> ", for small scale enterprises.	
No. of loans: 260	228 (87.7%)
Financial resources: \$ 197,300	134,550 (68.2%)

2.- RURAL INTERVENTIONS:

a.- Soil conservation practices: 391 Has.	472 (120.7%)
b.- No. of communities participating: 351	376 (107.1%)

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c.- Agro-forestry plantations:	28 Has.	78 (278.6%)
d.- Forestry plantations:	9 Has.	16 (177.8%)
e.- Participants (No. of families):	13,068	10,033 ( 76.8%)
f.- Food distribution:	1,215 MT.	968 MT ( 79.7%)
g.- 60 new WAWAWASI Centers		60 (100.0%)
h.- Purchase of local food:	154.7 MT.	109.2 MT ( 70.6%) *
i.- Sowing of local food:	263 Has.	264 Has. (100.0%)
j.- Children under six benefited:	5,600	4,189 ( 74.8%)
k.- Decrease chronic malnutrition of the children incorporated into the program, by 15%.		19.9% reduction

\* The beneficiary parents contributed 8.6 MT from their own production.

### C. Other Accomplishments and Overall Status

1.- PRODIA was able to assist an average of 342 Social Emergency "comedores", outside of its regular program, providing food-support to 38,444 beneficiaries. This was possible due to a joint effort with the GOP's Social Emergency Program which provided the financial resources for transport of the commodities, plus a surplus of food in PRONAA warehouses.

2.- Under the Women's Income Generation component the Project supported 197 "Clubes de Madres" assisting them to participate in 63 zonal and regional fairs, where the women had a chance to exhibit their products and make important contacts with exporters. As a direct consequence of their participation in these fairs, ten (10) of these groups that had concluded their advanced training in knitting are meeting small initial orders for export of Alpaca sweaters, gloves and stockings to Canada, the United States and Europe.

CARE reports that the level of profit from these sales has enabled these groups to re-invest part in the purchase of new equipment to improve and increase their production.

In a recent visit to a "Pueblo Joven" located North of Lima we interviewed a poor woman selling fruit at the local market where she has a stand, and who had received a small loan. She mentioned that the money was utilized to purchase a bicycle cart to expand her business. With the three wheel vehicle her 15 year old son now has the opportunity to sell their products door-to-door. This market expansion allowed her to double the family's income and repay the loan early. She was now in the process of obtaining a second loan to purchase a second unit for her 13 year old son.

3.- Community participation in agricultural activities has steadily increased due to the recognition and acceptance of the agro-forestry techniques promoted by the project and the food incentive. The latter was a particularly critical factor during the reporting period when most of the "sierra" region was affected by drought and/or frost. For the poor "campesino", the food was unquestionably needed urgently.

4.- 60 new WAWAWASI Centers are helping to protect and/or rehabilitate nutritionally high-risk children. A case in point is Madeleine whose condition was detected by CARE project personnel in Vista Florida, a rural community in the Department of Piura. Because of advanced malnutrition, Madeleine, almost five years of age, had the mental development of a nine-month-old child. Thanks to the WAWAWASI project, her rehabilitation has progressed rapidly, and now, after just five months, she is walking and talking. Without the project's intervention, Madeleine's future in all likelihood was one of permanent mental retardation. Her situation is typical of many children assisted through the WAWAWASI project.

5.- Because of the drought, hard freezes and flooding caused by the "El Niño Phenomenon" in Peru, the Mission approved the transfer of 1,296 MT of commodities, which were not Called Forward by PRISMA for its approved FY 1992 Program, to CARE. The Mission also approved the use of U.S. \$89,100 of PL 480 Title II Monetization funds from PRISMA's account to CARE, to deliver, store, monitor and evaluate the food distribution. CARE was assigned to distribute these commodities, through productive food-for-incentive activities in affected communities, located in the rural areas of the Puno Department.

7.- CARE's methodology to support micro-enterprise participants has received widespread recognition as an effective model. As a result, the GOP through "FONCODES" is currently providing S/.2,300,000 (approximately \$1.5 million) to CARE to expand this PRODIA component, and CARE itself is making this model, including software, available to other NGOs and NGO networks involved in small enterprise development, increasing even further the availability of credit to micro-entrepreneurs.

7.- A Micro-Enterprise Directory of Producers for Lima, Callao and Trujillo was developed by CARE and distributed among key potential industrial and commercial buyers, including exporters, during the reporting period.

8.- A new commodity distribution system is being implemented in Lima, providing CARE with a more efficient decentralized operation. The first 1,800 MT warehouse was completed in Comas, North of Lima in August, and the construction of two more warehouses with the same storage capacity located South and East of Lima, are underway. The construction and equipment for these three warehouses are being financed under the centrally funded "FARM BILL" grant.

9.- The MYOP for FY 1993 - FY 1997 was reviewed and approved in principle by the Mission. Funds available for CARE/Peru under the monetization of Title II commodities for FY 1993 are US \$4.6 million. Likewise, the Mission reviewed CARE's request for Title III funds and a letter was sent to the Minister of Economy and Finance requesting US \$ 1,504,000 for the PRODIA Project.

10.- The Amended FY 1993 AER was reviewed and approved by the Mission, calling for 33,226 MT of Title II commodities, which are within budget levels established by the FY 1993 Congressional Presentation.

#### D. PROBLEMS AND DELAYS:

1.- The late arrival of Title II commodities both for the Monetization and Direct Distribution Programs (in the latter case, due to the unilateral cancelation of one month's order by USDA), affected direct feeding as well as development project activities.

2.- The Banco Popular, the Banco Wiese and the Banco Financiero are counterpart institutions which provide loans to the micro-enterprise component beneficiaries with the support of the CARE loan guarantee fund. The first is in the process of being privatized and has not participated in the program. The other two had to restrict loans due to lack of sufficient funds.

3.- The resignation of PRONAA personnel in the provinces, due to government restructuring, has caused problems in the food distribution process. CARE has had to take a much more active role in forwarding and storage. As a result, CARE reports related to food distribution, particularly periodic commodity and recipient status reports, are arriving at A.I.D. with considerable delay.

E.- Major Activities or Corrective Actions During the Next Six Months

1.- With the two warehouses completed and in operation, located South and East of Lima, the Project will have a better management operation, for the Lima area.

2.- CARE will implement a system to collect information from the field to evaluate actual Project impact.

3.- CARE will conduct seminars during December 1992 and January 1993 for PRONAA personnel in order to improve the project's food distribution system.

4.- Because the results of the Mid-Term Evaluation were issued early in FY 1992, CARE has requested that the Final Evaluation of OPG 527-0330 be conducted in February 1993. The Mission has agreed to postpone the Evaluation, but because the PACD is December 31, 1992, an Amendment will have to be issued extending it to April 30, 1993 in order to utilize the balance of \$14,610 assigned for this purpose. Since this balance may not be sufficient to conduct the Final Project Evaluation, the Mission has reserved \$20,000, from PD&S funds to supplement the cost.

5.- USAID has contracted the services of COSAPI DATA to develop and conduct training workshops for Title II Cooperating Sponsor personnel for the purpose of putting into full operation the system to monitor and report the progress of project activities (SISEPAD) which was designed in 1990. When fully operational this system should result in the reduction of reports to be prepared by the PVOs and contribute to the more timely, and this more useful, submission of required data.

6.- The lack of liquidity in the banking system was corrected late in the reporting period, and credit opportunities are once again available for micro-enterprise program participants. Funds assigned from the GOP FONCODES program will also strengthen the credit component of the program.

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PROJECT STATUS DATA  
April 1, 1992 - September 30, 1992

IA. BACKGROUND DATA:

PROJECT TITLE: CARITAS del Perú, Food-Aid Program (FY 1992)  
Project Number: N/A  
Date of Authorization: N/A  
Date of Obligation: N/A  
PACD: N/A  
Implementing Agencies: CARITAS del Perú, 42 Dioceses nationwide.  
Major Contractors: N/A  
AID-Project Manager: Raul Tapia  
Status of CPs/Convenants: N/A  
Date of Last Evaluation: None  
Date of Next Evaluation: 12/92 (CS component)  
Planned Number of Non-Federal Audits During Fiscal Year: None  
The Number of such Audits Contracted for/Completed: N/A.  
Date of Last Audit: 6/30/91 (CARITAS Internal Audit)  
Date of Next Audit: 12/31/92 (CARITAS Internal Audit)

IB. FINANCIAL DATA:

GRANT

Amount Authorized	\$	N/A
Amount Obligated	\$	N/A
Amount Committed	Period:	\$ N/A
	Cumulative:	\$ N/A

Counterpart Contribution:

Planned:	\$	1,122,752 (In-Kind)
Actual:	\$	1,000,000

% LOP Elapsed:	N/A
% of Total Auth. Oblig.	N/A
% of Total Oblig. Exp.	N/A
% of Total Auth. Exp.	N/A

PL 480 Title II Commodities:

AER Approved for FY 1992  
48,412 MT  
Arrived to date  
48,412 MT  
Distribution (Reporting Period)  
29,019 MT  
Distribution (Cumulative) 48,797 MT

Accrued Expenditures:

Period Projected	\$	N/A
Period Actual	\$	N/A
Cumulative:	\$	N/A
Period Next	\$	N/A

PL 480 Title II Monetization Funds:

Amount Authorized		\$	6,802,583
Amount Obligated		\$	5,506,071
Committed	Period:	\$	3,584,110
	Cumulative:	\$	5,506,071

Accrued Expenditures:

Period Projected	\$	4,480,622
Period Actual	\$	3,584,110
Cumulative	\$	5,506,071
Period Next	\$	3,000,000

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

This program relates directly to three mission strategic objectives: it contributes 1) to providing a social safety net to poor Peruvians suffering the effects of structural adjustments; 2) to stimulating labor-intensive productive opportunities through a revitalized agriculture and private sector; and finally, 3) to improving the health status of at-risk families, particularly of mothers and children (0-60 months), and increasing their access to health services throughout Peru.

Percent of LOP Funds Relating to Strategic Objectives: 1 - 30%  
2 - 60%  
3 - 10%  
100%

IIB. PROJECT PURPOSE

To utilize donated food as an effective resource to upgrade the health and nutritional status of at-risk families living in extreme poverty in the rural and peri-urban areas of Peru, and to promote their opportunities to generate alternative sources of employment and income.

III. PROJECT DESCRIPTION

Taking full advantage of its vast distribution network, CARITAS continues to implement a USAID-approved expansion of direct food assistance through over 5,000 feeding centers, targeting low-income families severely affected by the economic structural adjustment program.

The CARITAS program also contributes to income growth and greater economic stability among the very poor, to generating new employment opportunities and greater productivity in the agriculture and small business sectors. Toward this end, CARITAS has developed a pilot sub-grant component to support priority Diocesan development initiatives, particularly those which focus on productivity and are technically oriented to the strategic objectives of the program.

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Implementation of the Child Survival Project has been extended to 39 Diocesan CARITAS programs, and has integrated supplementary feeding with critical health interventions including child growth monitoring, diarrhea control, oral rehydration, immunizations and family planning, resulting in the improved nutritional status of mothers and children, particularly nutritionally high-risk children (0-60 months), and the extended coverage of preventive health services and nutritional rehabilitation to the more remote and neglected areas of the country. The CARITAS program is present and active where others, at least for periods of time, cannot continue to function.

In both the jungle and selected emergency zones affected by violence CARITAS is establishing a special direct food assistance program based on the procurement of locally produced commodities, complemented by the support of productive development oriented activities.

CARITAS del Peru continues to strengthen the decentralized Diocesan CARITAS operations, particularly in the areas of information management, project implementation, monitoring and evaluation.

#### IV. PROJECT STATUS

##### A. EOPS

CARITAS del Peru will work closely with PACT through the PVO Support Project to establish End of Project Status (EOPS) indicators for the new MYOP period (FY 93-97). Progress towards these EOPS will be monitored and reported in future reviews.

Also see Attachment A for the status of CARITAS PL 480 Title II Direct Distribution Program commodities.

##### B. MAJOR OUTPUTS

1. A total of 39 Diocesan development projects, in the areas of agricultural production and processing and other micro-enterprises, were implemented and completed at a cost of \$490,000 (see Attachment B).

2. The Child Survival component of the CARITAS program has been extended and implemented in 39 Diocesan programs. A national workshop for program coordination and in-service training of personnel responsible for the program was held in August.

3. Food and medical treatment was provided 400 tuberculosis patients under a special CARITAS feeding program. In a separate activity and in coordination with the Ministry of Health, CARITAS provided a supplement of Title II food for 2,000 other patients.

4. To strengthen the regional Diocesan CARITAS offices, CARITAS del Peru contracted the services of 26 agronomists to support their Rural Agriculture Programs (USAID picks up 75% of the cost). In addition, accounting and program monitoring systems have been improved at the field level by the establishment of computerized systems in 10 more Dioceses (current total: 17).

### C. Other Accomplishments and Overall Status

CARITAS del Peru has continued to improve its support of Diocesan field operations, both in the area of institutional development and in the support of social service and development-oriented project activities. These Diocesan Offices are not just regional offices of CARITAS del Peru; some Dioceses run pretty much their own development programs and even compete internationally for specific project support. CARITAS del Peru now formalizes agreements and commitments with each Diocesan program, and fulfills the coordinating function in the formulation of a multi-year development strategy and an annual operational plan. Once priorities are set, CARITAS del Peru also takes charge of budget support allocations to each Diocese.

The quality of field activities has improved notably in recent years. Fragmented and often unrelated food-for-work activities have been replaced by well conceived and successfully integrated efforts to increase and stabilize family incomes among the very poor, and to ensure the delivery of basic social services, particularly in the health area. A case in point is what CARITAS has been able to achieve in the agricultural sector in almost 2,600 organized communities. Through committee management at the community level of 359 revolving funds, campesino farmers have access to in-kind loans of seeds, fertilizers and tools, which are repaid with produce at harvest time. Farmers are committed to repay about 125% the value of the loan. Although the prolonged and severe drought drastically limited the farmers' ability to pay, loan payments have averaged 70% across the board this past year. A total of 20,678 hectares which had been abandoned are again under cultivation.

Complementing this effort 13 new tools and equipment banks have been set up in addition to 12 previously established. Each bank services a zonal area of communities where farmers can either borrow small tools or rent larger pieces of equipment such as plows and threshers. At each bank location people from the community with related experience have been organized into 13 production units ("talleres") and have been trained in production and quality control procedures under a special project funded by the Swiss Technical Cooperation program (COTESU). These "talleres" produce improved designs of traditional tools and equipment for the "banks" or for direct purchase. In addition to the benefits on the agricultural production side, the production talleres have created 85 new jobs.

### D. Problems and Delays

1. A uniform reporting system is not in place to effectively measure the impact of different CARITAS program activities.

2. The evaluation of the Child Survival Program which was to be implemented in the last quarter of FY 1992, was postponed to the first quarter of FY 1993 in order to incorporate recommendations made by the USAID Health and Nutrition Office and FFD advisors.

3. Security problems continue to affect partially the supervision and monitoring of project activities in the Departments of Junin, Puno and Cajamarca.

4. Title II Cooperating Sponsor status requires periodic direct communication in English with A.I.D./Washington and the CCC as well as with USAID/Peru. CARITAS still lacks the capability to meet satisfactorily the English language expectations and exigencies of the program.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS:

1. Conduct the evaluation of the Child Survival Program.
2. Design and obtain approval for the Pilot direct distribution Program in the Jungle using locally purchased products.
3. Define jointly with CARITAS the product to be monetized under PL 480 Title II to finance the Jungle Project.
4. Hold a meeting with the board of Directors of CARITAS del Peru and the Front Office of A.I.D. to review the program.
5. Request Audited Financial Statements of CARITAS del Peru for Calendar Year 1991.
6. Define with CARITAS a course of action to be followed that will demonstrate its institutional capability to handle satisfactorily communication requirements in English.
7. USAID has contracted the services of COSAPI DATA to develop and conduct training workshops for Title II Cooperating Sponsor personnel for the purpose of putting into full operation the system to monitor and report the progress of project activities (SISEPAD) which was designed in 1990. When fully operational this system should result in the reduction of reports to be prepared by the PVOs and contribute to the more timely, and thus more useful, submission of required data.

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Status of CARITAS Title II Direct Distribution Program  
(Shipping levels for FY 1992)

1. Commodities Shipping Levels for FY 1992

<u>Commodities</u>	<u>MT</u>	<u>FOB Value</u>	<u>Ocean Freight Costs</u>	<u>Total Costs</u>
Wheat Flour	24,041	4,666,073	1,968,991	6,657,064
Bulgur	10,515	2,428,965	1,020,165	3,449,130
C.S.B.	10,640	3,319,680	1,394,266	4,713,946
Vegoil	<u>3,215</u>	<u>2,292,509</u>	<u>962,854</u>	<u>3,255,363</u>
TOTAL	48,412	12,729,227	5,346,275	18,075,502

2. Title II Food Distribution for the period April 1 - September 30, 1992 (By Program, Beneficiaries, Commodities and Volume in MT)

<u>Program</u>	<u>Recipients</u>	<u>Wheat Flour</u>	<u>C.S.B.</u>	<u>Bulgur</u>	<u>Oil</u>	<u>TOTAL</u>
Maternal Child Health	131,131	1,311	789	785	143	3,028
School Feeding	28,585	591	144	142	70	947
Other Child Feeding	291,745	7,002	1,760	1,750	1,042	11,554
Other Child	30,680	747	208	173	92	1,220
Food for Work	<u>670,915</u>	<u>4,757</u>	<u>2,856</u>	<u>3,857</u>	<u>800</u>	<u>12,270</u>
TOTAL	1,153,056	14,408	5,757	6,707	2,147	29,019

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Detail of Projects Implemented by CARITAS del Perú  
April 1, 1992 - September 30, 1992

<u>Project Number</u>	<u>Name of the Project</u>	<u>Location</u>	<u>Cost US\$</u>
6/6	Piscigranja Arco Iris	Jaen	1,885
8/50	Taller de Escobas	Piura	8,285
8/51	Taller de Escobas	Piura	11,645
8/53	Elaboración de Mermeladas	Piura	19,876
8/54	Taller de Filigrana en Plata para Artesanos 18-24 años	Piura	18,695
8/49	Canal de Revestido de Concreto Sinchao Chico	Piura	14,655
11/38	Huertos Familiares: Hortalizas, Flores Forrajes y Crianza de Animales Menores	Trujillo	14,160
42/33	Mejoramiento Canal de Chimba: Toma	Moquegua	19,500
42/34	Instalación Red Matriz de Agua Potable	Moquegua	11,019
42/35	Instalación Red Matriz de Agua Potable	Moquegua	9,980
42/39	Instalación Red Matriz de Agua Potable	Moquegua	15,436
42/41	Instalación Red Matriz de Desague	Moquegua	19,169
42/42	Construcción Reservoirio Agua Potable	Moquegua	16,812
42/43	Construcción Reservoirio Agua Potable	Moquegua	16,961
12/18	Reservoirio Galantín Curahuasi	Abancay	25,255
30/13	Taller de Confección y Reparación de Calzado	Ayaviri	5,650
30/12	Taller de Peletería de ANANEA	Ayaviri	3,403
29/48	Implementación Centro de Producción Confecciones de Tela	Arequipa	17,930
36/4	Panificadora para Sectores Urbano Marginales	Sicuaní	11,717
36/39	Irrigación TUCASA	Sicuaní	14,988
36/40	Irrigación PHINAYA	Sicuaní	29,082
36/41	Irrigación San Isidro Occobamba Sur	Sicuaní	13,625
26/01	Explotación Animales Domésticos en Selva Central	San Ramón	3,410
19/13	Construcción Reservoirio Irrigación Lircay	Huancavelica	4,050
19/14	Refacción y Prolongación de la Irrigación Coonospuquio	Huancavelica	2,977
19/14A	Construcción Canal de Irrigación Rantay	Huancavelica	3,100
20/133	Taller de Carpintería Asentamiento Humano San José	Huacho	12,676
20/128	Taller Carpintería y Metalmecánica Autogestionaria-Huaura	Huacho	7,000
17/4	Rehabilitación Irrigación Margen Derecha Río Shullcas, II Etapa	Huancayo	9,000
18/01	Granja Piloto de Porcinos Panao	Huánuco	3,500
20/123	Producción de Pescado Salado para Comedores Populares Huacho	Huacho	8,500

<u>Project Number</u>	<u>Name of the Project</u>	<u>Location</u>	<u>Cost US\$</u>
7/81	Micro-Empresa Pasta Cacao	Tarapoto	54,340
7/66	Crianza de Aves	Tarapoto	17,950
7/63	Programa de Cerámica y Cestería	Tarapoto	16,849
39/34	Huertos Familiares	Iquitos	13,950
40/05	Sembrío de Hortalizas-Tibiplaya Teniente Clavero	Requena	1,570
40/04	Crianza de Gallinas y Carneros Tarapacá/Teniente Clavero	Requena	3,178
40/03	Pisigranja Integral-Galicia Santa Rosa	Requena	3,693
40/08	Producción Carne de Pescado	Requena	5,061
	T O T A L		489,531

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# SEMI-ANNUAL REVIEW

PERIOD: APRIL 1, 1992 - SEPTEMBER 30, 1992

## IA. BACKGROUND DATA:

PROGRAM TITLE: PL 480 TITLE III  
PROGRAM NUMBER: N/A  
DATE OF AUTHORIZATION: N/A  
DATE OF OBLIGATION: FY-92, 7/9/92  
PACD: N/A  
IMPLEMENTING AGENCY: Ministry of Economy and Finance (MEF)  
MAJOR CONTRACTORS: N/A  
AID PROJECT MANAGER: Cesar Espino Salazar  
STATUS OF CPS/COVENANTS: All provisions are on track.  
DATE OF LAST EVALUATION: N/A NEXT EVALUATION: N/A  
PLANNED NUMBER OF NON-FEDERAL AUDITS DURING FISCAL YEAR: N/A  
NUMBER OF SUCH AUDITS COMPLETED: N/A  
DATE OF LAST AUDIT: N/A NEXT AUDIT: N/A

## IB. FINANCIAL DATA:

GRANT:  
Amount Authorized: N/A  
Amount Obligated: \$25,000,000  
Amount Committed: N/A  
Period:  
Cumulative:  
Accrued Expenditures: N/A  
Period Projected:  
Period Actual:  
Cumulative:  
Period Next:  
COUNTERPART CONTRIBUTION: N/A  
LOP ELAPSED: N/A

## II A. RELATION TO MISSION STRATEGIC OBJECTIVES.

Specific linkage to strategic objectives: This project supports Strategic Objective No. 1: Establishment and maintenance of sound economic policy and structural reforms that promote economic stabilization and sustainable economic growth.

Percentage of LOP funds relating to Strategic Objectives: 1 - 100%

## II B. PROGRAM PURPOSE.

This program has three objectives: (1) support to the Government of

Peru in adopting an overall policy framework conducive to economic stability and growth, (2) satisfy the demand for critical food, and (3) save scarce foreign exchange.

**III. PROGRAM DESCRIPTION.**

PL 480 commodity is provided on a grant basis. In exchange for this donation, the Government agrees to conduct certain reforms in current practices, in this case, to market the donation via the private sector. The sales proceeds are used for mutually agreed upon development activities supporting national food security.

**IV. PROGRAM STATUS:**

A. EOPS: N/A

B. MAJOR OUTPUTS: N/A

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

The following table shows the level of wheat donated, shipment dates and destinations. Deliveries did not begin in country until the end of the reporting period.

Vessel	Shipments of PL 480 Title III in 1992				
	Metric Tons	Loading Date	Delivery Date	Port	MT
OMI Williamette	32,340	Sept 5-15	Sept. 23	Callao	32,340
Marine Carrier II	15,250	Sept21-27	Oct. 12	Salaverry	6,850
				Paita	4,000
				Pisco	4,400
Nassos	18,720	Sept10-15	Sept. 22	Callao	6,494
				Matarani	12,226
Nassos	17,150	Oct.29-30	Nov. 12	Matarani	12,273
				Salaverry	4,877
Ultrasea	59,000	Oct.29-30	Nov. 12	Callao	59,000
Total	142,460				142,460

- The total of 142,460 metric tons of wheat have been donated at a cost of approximately US \$ 18.9 Million. Total freight costs amount to US \$ 6.1 Million.

Policy reform progress: In August 1992 the GOP contracted with the United Nations Development Program to implement the bidding process

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to contract the local marketing agent. The contract was awarded to Transcontinental del Peru S. A. at a cost of US \$ 267,000. Now all commodity transactions, including importing and marketing, are handled through the private sector. This is the first time that a for-profit private sector firm has handled a government-to-government food donation. This system will be extended to future Title III programs.

On August 20, 1992, MEF and the Committee of Millers conducted a simulation of an international bid to purchase wheat in order to establish the selling price for the wheat. The price per metric ton was determined to be US \$ 271, with local handling and tax equivalents included. Approximately US \$ 38 Million are expected to be generated in sales proceeds. The first deliveries took place near the end of the reporting period. At that time, approximately 51,060 tons had arrived in Peru, generating over \$13.8 million in guarantee letters which are currently gathering interest payable when they mature.

The local currencies will be used to enhance food security through the implementation of development activities which benefit the private sector and the needy, especially in the area of child survival, and humanitarian needs. USAID submitted a letter to the Minister of Economy and Finance proposing the 1993 counterpart budgetary allocations for the GOP/USAID projects, for a total amount of US \$ 31 Million, for the following projects:

<u>Projects</u>	<u>Proposed</u>
Agriculture	US \$ 8.75 M
Family Planning	0.50
PVOs-Small Projects	4.17
Temporary Employ.	11.00
Education-RTAC	0.40
Child Survival	6.20
TOTAL	31.02 M

#### DOMESTIC LEGAL EVOLUTION

On August 28, 1992, the Minister of Economy and Finance published Ministerial Resolution No. 292 establishing the Management Unit within the General Directorate of Public Credit and nominating the Director of Projects, as head of the Unit. Later, the Decree Law No.25781 gave the head of the Unit the power to contract personnel, goods, and services to staff and equip the Unit.

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On October 14, 1992 the GOP issued Decree Law No.25774 establishing, once and for all, that all sales proceeds including the surtax, the tariff, and the sales tax be deposited in the Special Accounts provided by the donation agreements of the donor community.

The Special Account No.6-0000-023424 has been established in the Bank of the Nation to receive the sales proceeds.

D. PROBLEMS AND DELAYS:

There is some delay in the staffing and equipping of the Management Unit. FFD and CONT are coordinating with the head of the Unit to accelerate this process.

E. PLANNED ACTIVITIES DURING THE NEXT REPORTING PERIOD

Follow-up the generation of sales proceeds and monitor the Special and Maintenance-of-Value accounts.

Follow-up the staffing and equipping of the Unit.

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# SEMI-ANNUAL REVIEW

PERIOD: APRIL 1, 1992 - SEPTEMBER 30, 1992

## IA. BACKGROUND DATA:

PROGRAM TITLE: PL 480 TITLE III  
PROJECT NUMBER: N/A  
DATE OF AUTHORIZATION: N/A  
DATE OF OBLIGATION: FY-91, 7/23/91  
PACD: N/A  
IMPLEMENTING AGENCY: Ministry of Economy and Finance (MEF)  
MAJOR CONTRACTORS: N/A  
AID PROJECT MANAGER: Cesar Espino Salazar  
STATUS OF CPS/COVENANTS: All provisions are on track.  
DATE OF LAST EVALUATION: N/A NEXT EVALUATION: N/A  
PLANNED NUMBER OF NON-FEDERAL AUDITS DURING FISCAL YEAR: N/A  
NUMBER OF SUCH AUDITS COMPLETED: N/A  
DATE OF LAST AUDIT: N/A NEXT AUDIT: N/A

## IB. FINANCIAL DATA:

GRANT:  
Amount Authorized: US \$30,000,000  
Amount Obligated: US \$28,489,087  
Amount Committed: N/A  
Period:  
Cumulative:  
Accrued Expenditures:  
Period projected:  
Period actual:  
Cumulative: US \$22,700,000  
Period next:

COUNTERPART CONTRIBUTION: N/A  
LOP ELAPSED: N/A

## II A. RELATION TO MISSION STRATEGIC OBJECTIVES.

Specific linkage to Strategic Objectives: This program supports Strategic Objective No. 1: Establishment and maintenance of sound economic policy and structural reforms that promote economic stabilization and sustainable economic growth.

Percentage of LOP funds relating to Strategic Objectives: 1 - 100%

## IIB. PROGRAM PURPOSE:

This Program has two objectives: (1) satisfying the demand for critical food and (2) saving scarce foreign exchange.

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**III. PROGRAM DESCRIPTION:**

This first Title III Program was approved in the midst of the GOP's economic recovery and stabilization plan. It provides balance of payments and local currency support to economic policy changes that have taken place, ones which have had a heavy impact on various economic sectors of Peru. Additionally, the local currency generated is satisfying critical cash needs of GOP/Mission projects being executed under bilateral agreements, thus providing fiscal relief to the Treasury.

**IV. PROGRAM STATUS:**

A. EOPS: N/A

B. MAJOR OUTPUTS: N/A

C. MAJOR ACCOMPLISHMENTS AND OVERALL STATUS:

A total of 155,958.860 metric tons of wheat were donated at a cost of US \$ 21,227,205.24. Total freight costs amounted to US \$ 7,261,881.52. Total CIF value of the donation reached US \$28,489,086.76.

The following was the schedule of arrivals:

<u>Vessel</u>	<u>MT</u>	<u>Port</u>	<u>Discharge Date</u>
1. Star of Texas	5,700.480	Matarani	Nov. 12/91
	26,015.950	Callao	Nov. 21/91
2. Mathildaki	22,233.690	Callao	Dec. 05/91
	3,900.190	Matarani	Dec. 11/91
	3,988.050	Paita	Dec. 15/91
3. Thoroughbred Topper	22,352.940	Callao	Dec. 20/91
	10,138.500	Matarani	Dec. 26/91
4. Noblesse	12,799.280	Callao	Jan. 09/92
5. Energy Freedom	24,675.630	Callao	Jan. 28/92
	3,250.210	Matarani	Feb. 03/92
	1,906.660	Salaverry	Feb. 08/92
6. CMD-1	10,000.280	Callao	Feb. 01/92
	5,967.000	Matarani	Feb. 06/92
	3,030.000	Paita	Feb. 13/92
Total 155,958.860			

- the cumulative shortfall between the total amount discharged and the total amount consigned in the Bills of Lading equaled 0.55%. Also, a very small fraction of the total tonnage of wheat imported was found damaged or in poor condition, that is, 98.67 MT equivalent to 0.06% of the amount reported as discharged.

The 1992 Counterpart Budget, as approved by the GOP, is equal to US \$ 34.7 million, as detailed below:

<u>Projects</u>	<u>Final</u>
ATT: INIAA	US \$ 6.7 M
FUNDEAGRO	5.9
UNA	0.7
ONA	0.4
Tropical Soils	1.1
APODESA	0.3
AOJ	1.8
Child Survival	6.9
Upper Huallaga	9.7
Temporary Employment	0.8
RTAC	0.4
TOTAL	34.7

The table attached shows monthly disbursements on behalf of the projects under the 1992 Counterpart Budget. \$5.9 million went to an indigenous NGO.

Total carry-over from Title III generations for 1993 amounts to approximately US \$ 10 Million (Total Title III Generations (US 43 Million) plus Title I balance (US 2 Million) less Total Budgetary Approvals (US 35 Million)).

#### DOMESTIC LEGAL EVOLUTION IN 1992

On February 28, 1992 the GOP published Supreme Decree No.045-92-EF, permitting: the deposit in the Special Accounts established under the commodity grant agreements of all sales proceeds less deductions permitted by the Agreements. The above Supreme Decree established that International Agreements have prevalence over supreme decrees, specifically in this case prevalence over SD. No. 128 which contradicted the USAID Commodity Grant Agreements' stipulations (Section 416 and PL 480 Title III), by ordering the deposit of the surtax in an account of the Ministry of Agriculture. This issue was resolved on October 14, 1992, when the GOP issued Decree Law No.25774 establishing, once and for all, that all sales proceeds including the surtax, the tariff, and the sales tax be deposited in the Special Accounts provided by the donation agreements of the donor community.

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On August 28, 1992, the Minister of Economy and Finance published Ministerial Resolution No. 292 establishing the Management Unit within the General Directorate of Public Credit and nominating the Director of Projects as head of the Unit. Later, the Decree Law No.25781 gave the head of the Unit the power to contract personnel, goods, and services to staff and equip the Unit.

#### OTHER ADMINISTRATIVE CONSIDERATIONS

The parastatal ENCI was the GOP agent for the FY91 program. ENCI sold all the wheat to the millers except a small leftover amount of 6,500 metric tons that USAID permitted be purchased by ENCI itself for sale to the public. In the approval letter USAID indicated that ENCI was being granted this possibility given the small amount of the purchase and given the fact that the buying terms were the same as those accepted by the millers.

During 1992 the GOP/USAID projects are perhaps the only ones receiving resources to finance goods and services. Most GOP projects are receiving funds to defray only salary costs.

As of September 30, 1992 total sales proceeds deposited by ENCI amount to US \$ 36.9 Million. Approximately US \$ 6.0 Million still remains to be deposited.

As of September 30, 1992 approximately US \$ 22.7 Million has been disbursed on behalf of the Projects.

#### D. PROBLEMS AND DELAYS:

USAID approved the request of ENCI to contract a surveyor to inventory the wheat sold to the millers under contracts of deposit. Under this type of contract, the millers are supposed to use the wheat and simultaneously inform ENCI of the amount utilized to immediately make the necessary arrangements to pay for the wheat used. The survey revealed that many milling companies had used the wheat and had remained silent. The most egregious case was that of the Nicollini Group which showed a use of around 30,000 MT. As a result, ENCI issued notarized letters demanding payment and indicating the legal penalties that the action implied. This action by ENCI caused the millers to arrange for the payment of the wheat used.

The marketing contract between MEF and ENCI has not been signed as yet, in spite of the fact that the same was approved by Ministerial Resolution No.294 of August 27, 1992. The draft contract presented to MEF by ENCI immediately after the signing of the donation Agreement was processed and approved by the Legal Counsel of MEF but its release was subjected to the Supreme Decree that was to

define the prevalence of International Agreements over Supreme Decrees and similar legal dispositions. Unfortunately, during the waiting period, the draft contract got lost and MEF had to start the approval process again. The lack of a contract has made little or no operational difference to date.

Contradictory to the Agreement that stipulates the deposit of gross sales proceeds, then a liquidation of expenditures by ENCI, and once approved, a subsequent payment of ENCI's commission; ENCI opened a Dollar Savings Account No. 491-8-503868 at the Continental Bank- to deposit payments made by the millers equivalent to US \$ 10 per MT to defray inland and other customs costs, including ENCI's commission. ENCI paid itself its commission even though the final liquidation is still pending. At the demand of the Treasury ENCI has closed this account and submitted a liquidation of this account.

Some milling companies are in default US \$ 6 Million and the Bank of the Nation has delayed the execution of the guarantees, pending refinancing of the guarantee letters. The Bank of the Nation, which is backed by the GOP Treasury, has assumed the management of the Banco Popular where these companies' finance letters were guaranteed. USAID has advised the GOP that it will expect full payment and interest from either the Bank of the Nation or the Treasury on the Banco Popular guarantees. The underlying problem is the banking crisis in Peru. A number of banking institutions are foundering, including Banco Popular, which is to be restructured or sold. The GOP needs to develop new policies for review of credit instruments submitted by bidders, given this crisis.

#### E. PLANNED ACTIVITIES DURING THE NEXT REPORTING PERIOD:

Follow-up the signing of the marketing contract between MEF and ENCI, as well as ENCI's final progress report.

Follow-up on the staffing and equipping of the MEF Unit to manage the Title III and ESF donations.

Follow-up on payment of the amounts in default. A letter will be sent to the Minister of Economy and Finance requesting a prompt payment of the amount outstanding. If this does not resolve the problem, USAID will propose the inclusion in the FY-93 Grant Agreement of a CP requiring that MEF establish firm and public policies on credit instruments relating to Title III sales and prohibiting the future participation in the Title III Program of any milling company which is deemed intentionally delinquent (or delinquent by more than a predetermined period) in its payments to the Program.

Amend the Agreement to approve the payment of ENCI's commission before the final liquidation is effected.

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**STRATEGIC**

**OBJECTIVE 2**

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

**IA. BACKGROUND DATA**

Project Title: PRIVATE SECTOR MANAGEMENT IMPROVEMENT PROJECT  
Project Number: 527-0272  
Date of Authorization: original 09/18/85  
Date of Obligation: original 09/20/85  
PACD: original 12/31/91 amendment 12/31/93  
Implementing Agencies: ESAN (Escuela de Administracion de Negocios para Graduados), IPAI (Instituto Peruano de Administracion de Empresas), ADE (Asociacion de Exportadores), Universidad del Pacifico, Universidad de Piura.  
Major Contractors: AED/NAPA  
AID Project Manager: Alan Davis (Acting)  
Status of CPs/Covenants: N/A, Cooperative Agreement (All provisions on track)  
Date of Last Evaluation: 12/89 Next Evaluation: 2/93  
Planned Number of Non-Federal Audits during Fiscal Year: N/A  
The Number of such Audits Contracted for/Completed: ONE  
Date of Last Audit: 12/31/91 Next Audit: 12/31/92

**IB. FINANCIAL DATA**

Amount Authorized:	Grant: original	\$ 7,000,000
Amount Obligated:	Grant: original	\$ 6,999,974
Amount Committed:	Period:	\$ 277,332
	Cumulative:	\$ 6,959,974
Accrued Expenditures:	Period - Projected:	\$ 638,000
	Period - Actual:	\$ 822,542
	Cumulative:	\$ 6,867,086
	Period - Next:	\$ 132,914
Counterpart Contribution:	Planned:	\$ 2,333,000 (LOP)
	Actual:	\$ 1,850,000 (LOP, in kind)
% LOP Elapsed:		85.00%
% of Total Auth. Oblig.		99.99%
% of Total Oblig. Exp.		98.10%
% of Total Auth. Exp.		98.10%

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives: This project directly supports Strategic Objective No. 2: Reactivated labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 100%

**IIB. PROJECT PURPOSE**

The purpose of the project is two-fold, (1) to strengthen the capacity of five private institutions to carry-out more industry responsive and higher quality management education, training, consulting and applied research; and (2) to strengthen linkages between these institutions and the industries they serve.

**III. PROJECT DESCRIPTION**

The components of the project are highly inter-related and together will produce a network of private management institutions better able to serve private sector firms at this critical time. New areas of management such as: agribusiness/international business and small business/entrepreneurship, will receive special support facilitating a timely institutional response to current management needs. It is important to clarify that in previous reports contractors AED/NAPA were included as implementing agencies.

**IV. PROJECT STATUS**

Project activities have been completed satisfactorily, the PACD was extended to allow completion of training programs. The Field Office of the Contractor (NAPA) will close operations on October 30. After that date, NAPA's Home Office will provide limited administrative support to 4 participants who are in the process of completing their doctoral studies. There are no other on-going project activities.

**A. EOPS**

Planned EOPS

Progress To Date

- Existing Management Programs Strengthened
- New Program Elements Introduced

On-going curriculum revision process is in place, based on an improved information base of needs assessment and applied research for curriculum and material development.

New degree and non-degree programs have been implemented for sectors of the Peruvian economy with the greatest potential for growth: international business, agribusiness, and small business. The programs address management development issues specific to Peru, based on research and close collaboration with private sector groups.

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PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

3. Collaborative Mechanisms Among the Institutions and with the Private Sector Established The participating institutions have taken the leadership in establishing productive linkages with the industries they serve. Relevant applied research on selected sectoral concerns and training needs assessments were conducted both in Lima and the provinces.
4. Management Improvement Services Decentralized and Diffused On a pilot basis 4 regions have gained the capacity to plan, implement and generate revenue to ensure sustainability for management training programs relevant to their respective regional development needs. A selected number of faculty members from universities outside of Lima and professional women have received MBA training.
5. Institutional Development Enhanced The participating institutions have an increased capacity to plan strategically and have developed broader bases of financial support.

B. Major Outputs

	Planned	Accomplished		
	LOP	Cumulative	Next Period	% of LOP
<u>ESAN</u>				
. Long-term training for faculty	8	5	1	63%
. MBA scholarship program for faculty from universities outside Lima	6	14	0	233%
. Other MBA scholarship programs, including professional women	0	20	0	(*)
<u>UNIVERSIDAD DEL PACIFICO</u>				
. Long-term training for faculty	9	8	2	89%
. MBA scholarship program for faculty for universities outside Lima	6	8	0	133%
<u>UNIVERSIDAD DE PIURA</u>				
. Long-term training for faculty	4	7	1	175%
. MBA scholarship at ESAN	3	3	-	100%
<b>TOTAL</b>	<b>36</b>	<b>65</b>	<b>4</b>	<b>148%</b> average

(\*) See C. below.

C. Other Accomplishments and Overall Status

Activities included in the 1992 workplan were successfully completed by September 15; including: a) Completion of the Agribusiness and MBA programs at Universidad de Piura; b) ADEX installed and started operating its Language Training facility; c) Universidad del Pacifico has made significant progress towards completing the publication of 11 university textbooks and d) ESAN has completed an institutional development plan which includes a 5 year comprehensive strategy that will allow them to expand into new areas.

As it can be seen in -B Major outputs- the project has successfully exceeded many of its original goals and also included new areas such as WID. In this case most project activities had a significant number (at least 3040) of women beneficiaries; special mention deserves ESAN's Professional Women Scholarship program through which 9 young and very talented women obtained their MBA's, some with the highest grades in many years.

D. Problems and Delays

PACD extended for one year to ensure that all training has been accomplished.

E. Major Activities or Corrective Actions During the Next Six Months

Final Project Evaluation scheduled to be completed by February, 1993.

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

IA. BACKGROUND DATA

Project Title: AGRICULTURAL TECHNOLOGY TRANSFORMATION (ATT)  
 Project Number: 527-0282  
 Date of Authorization: 06/26/87  
 Date of Obligation: 09/25/87 amended 08/02/90  
 PACD: 08/31/93  
 Implementing Agencies: FUNDEAGRO, ONA, INIAA, UNALM  
 Major Contractors: North Carolina State University (NCSU)  
 AID Project Manager: Harry E. Wing  
 Status of CPs/Convenants: CPs: satisfied or on track; Convenants: on track  
 Date of Last Evaluation: 06/90 Next Evaluation: 02/93  
 Planned Number of Non-Federal Audits during Fiscal Year: One  
 The Number of such Audits Contracted for/Completed: One  
 Date of Last Audit: 06/91 Next Audit: 12/92

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$ 25,000,000	
Amount Obligated:	DA/ESF Grant: original	\$ 4,000,000	amended to \$ 23,198,000
Amount Committed:	Period:	\$ (304,700)	
	Cumulative:	\$ 22,397,379	
Accrued Expenditures:	Period - Projected:	\$ 1,657,000	
	Period - Actual:	\$ 887,787	
	Cumulative:	\$20,438,278	
	Period - Next:	\$ 1,400,000	
Counterpart			
Contribution:	Planned:	\$ 27,000,000	(LOP-Cash Title III)
	Actual:	\$ 17,000,000	(Cash-Title III)
% LOP Elapsed:		85%	
% of Total Auth. Oblig.		93%	
% of Total Oblig. Exp.		83%	
% of Total Auth. Exp.		82%	

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This project supports Strategic Objective No. 2: Reactivate labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors.

Percent of LOP Funds Relating to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

The purpose is to expand the scope and improve the quality and relevance of agricultural technology being generated for Peruvian agriculture, and the technology transfer services being provided to Peruvian farmers in order to increase rural incomes and reduce unit costs of agricultural production while increasing agricultural productivity and yields. The project also assists in strengthening the management and administration of INIAA; the administration and teaching program of UNALM; and improving the linkages between private institutions (FUNDEAGRO and ONA) and public institutions (INIAA and UNALM).

### III. PROJECT DESCRIPTION

The project consists of three closely interrelated components (technology generation, technology transfer and human resource development) which correspond to the three major functions performed by the agricultural technology generation and transfer system, funded by \$25 million of grant funds and \$27 million from GOP resources. The project is designed to achieve economic growth in the Peruvian agricultural sector on sustainable basis by facilitating the adoption of new technologies to producers and, therefore, increasing the possibilities of raising their level of output.

### IV. PROJECT STATUS

#### Narrative

#### 1. Training Component

Twenty-one students are receiving off-shore graduate degrees (16 of which are master level and 5 at the PhD level). In Peru 85 students received full scholarships to complete a masters degree in agricultural science (18 of which are in Piura, 5 in Puno, 62 at UNALM in Lima). In addition, during the last period, 148 students began on partial scholarships to complete their graduate studies with ATT funding. Precipitating these partial scholarships was the relatively few students (85) selected as of October 1, 1991 and the rapidly approaching PACD (August 31, 1993). Thus, it was decided to fund students completing their masters who had only to complete thesis, and, at most, two courses. This decision seemed prudent as it will raise the overall total number of UNALM graduates in agricultural sciences as of 1990 from 77 (out of 1357 entering master level students since 1960) to 310 by August 31, 1993. As of today 50 of the 148 have already graduated.

#### 2. Research Component

There are two main avenues in which research is funded under the ATT project, INIAA and FUNDEAGRO. During 1990 INIAA research was supporting over 1,300 ongoing research studies. These studies have been reduced to 555 with 330 of these having been completed.

FUNDEAGRO, to date, has funded 165 agricultural research projects -- via GREPI. Approximately 85% of the GREPI research awards have been made to public sector researchers. Seventy-five of these studies have been completed. During the LOP there have been five workshops attended by 223 researchers teaching them how to present research proposals.

While it can be said that the Project has been largely successful in teaching researchers how to submit quality research proposals, it must be recognized that there are concerns as to the appropriateness of funded research meeting the needs of key bottlenecks faced by the agricultural sector. To help this situation, new guidelines have been developed to focus the research toward export products. Moreover, the project needs to ensure that completed research is actually disseminated; therefore, a fund has been set aside to publish the most important investigations. Others can be published in the different magazines of the institutions.

#### 3. Technology Transformation Component

Technology transformation and diffusion under the project has been its weakest component. This can largely be traced to the GOP dissolving agricultural extension in 1988. During 1992 US\$2 million have been reserved under PL-480 to provide resources for technology diffusion activities. During the last half of the last period, a technology diffusion workplan was developed providing the implementation details for coordination

among institutions. Funds have been made available to INIAA and positions involved in undertaking these diffusion activities have been covered. This component, largely being undertaken by ONA, is under the direction of a technology diffusion coordinator who is working closely with the Project Secretariat. Six CDT (Centros de Difusión Tecnológica) have been created in Piura, Trujillo, Arequipa, Chiclayo and Lima. These CDT have two or three agriculture engineers and three to six "egresados" from agricultural schools who assist in technology diffusion in those areas. Due to lack of funds, NCSU's involvement in the program was terminated as of September 30, 1992. An IQC is being developed to select local firms to continue providing technical assistance to the project.

Importantly, several GOP efforts in the privatization (private sector involvement) of research and technology diffusion were undertaken during the last period. A commission was formed to develop recommendations for the GOP in setting an agenda for private sector involvement in existing INIAA research stations. One station has defacto been privatized and four others are in the process.

#### A. EOPS

##### Planned EOPS

1. Technology generation to be achieved by consolidation and integration of INIAA's research programs;

Strengthening INIAA's administration and management; and

Expanding research opportunities.

2. Technology transfer to be achieved by establishing a technology transfer specialist program;

Stimulating private sector technology transfer enterprises; and

Stimulating an improved seed production and distribution system.

3. Human resource development to be achieved by strengthening UNALM's administration and teaching programs;

Improving research, teaching and extension materials;

Competitive graduate study fellowships and participant training implemented.

##### Progress to Date

Consolidation of INIAA research stations from 34 to 14, linkages with universities solidified, new technology inputs continue.

Developed systems used to train personnel at 3 research stations.

Peer group selection/monitoring evaluation system in place, publication of results have already started.

Increased use of mass media methodology to 12 research stations and 2 private sector enterprises.

ONA participation in farm management, production costs, supply demand function in place at 9 sites. Two private "fundaciones" have been created to take over INIAA's research stations.

Organizational seed certification system established by Supreme Decree, regulatory guidelines developed. Five CODESE's are operational.

Two Memorandums of Understanding signed with UNALM to strengthen graduate school support and library information systems. "Becas Parciales" Program in place with 48 graduated beneficiaries.

Workshops prioritized research thrusts for UNALM competitive grants. Project goals expanded.

B. Major Outputs

	Planned		Cum.	Accomplished			
	LOP	Period		Next Period	Period	Cum.	% of LOP
<b>I. Technology Generation</b>							
<b>A. Improved Technology</b>							
1. New/improved seed varieties	55	2	33	5	2	35	64
2. Basic seed produced (MT)	20,550	2,000	9,800	3,000	2,000	11,800	57
3. Improved agronomic practices developed (and disseminated)	300(300)	-	160	20	-	160	53
4. Improved animal husbandry practices developed (and disseminated)	15(12)	-	12	2	-	12	80
B. Addit.univ.faculty & private sector scientist active in research	250	30	180	20		180	72
<b>II. Technology Transfer</b>							
A. Technology transfer specialist trained (completed)	55(55)	0	71	0	0	71	129
B. Training of private sector professionals to extend technology	40	0	40	0	0	40	100
C. Private sector enterprise models formed for technology transfer	10	0	4	0	0	4	40
D. A National Seed Assoc.formed	1	0	1	0	0	1	100
E. Reg.Seed Assns./Enterp.	3	1	5	0	1	5	167.
<b>III. Human Resources</b>							
A. Improved university graduate teaching program	-		Unquantifiable		-		
B. Establish a private sector scholarship program	1	0	1	0	0	1	100
<b>C. Participant Training</b>							
<b>1. Long-Term</b>							
a. In-Country M.Sc	200	48	148	99	48	148	74
Female	-						25
Male	-						75
b. External M.Sc	12	0	12	0	0	12	100
Female	-						33 1/3
Male	-						66 2/3
c. External Ph.D.	4	0	0	0	0	9	225
Female	-						-
Male	-						100
<b>2. Short-Term</b>							
a. Non-academic	52	24	68	0	6	75	144
Female	-						30
Male	-						70

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### C. Other Accomplishments and Overall Status

The Rural Women Program started in July 92 and has been a total success. Women's Associations have been formed in Lambayeque, Ancash, Lima, Cusco and Arequipa. Total number of participants in the program is approximately 1,200 and it keeps growing. Modules of "Cuys", beehives, cottage industry and "lumbricultura" have been started in the different regions.

Two new "molinos" for the seed component are being opened, one in Arequipa and the other in Tarapoto. The CODESE in Piura will be self-sufficient this coming year.

Hualtaco Foundation, the privatized INIAA experimental station in Piura, will also be self-sufficient prior to the PACD.

These are examples of the possibilities of creating self-sustained enterprises that are private and in the service of the agricultural producers.

### D. Problems and Delays

Voucher liquidation backlog on the part of implementing institutions, especially INIAA whose backlog dates to 1988, are still holding up an audit initiated in October 1991. INIAA has made a commitment to bring voucher liquidation to date during this period. FUNDEAGRO and ONA have also surpassed the 60 days allowed for presenting voucher liquidations. In addition to the delay in completing the audit, this has often caused a delay in implementing institutions receiving further advances.

The GOP has continued to block the use of US\$161,775 committed for procurement of commodities needed by UNALM. Those funds were added to NCSU TA funds in order for the Mission to remain in country to the end of September.

### E. Major Activities or Corrective Actions During the Next Six Months

1. Work Plans for 1993 will be prepared. Some institutions have already presented a preliminary draft. Since the amount of money available to August 1993 has been reduced, adjustments will have to be made.
2. Since the Technology Transfer Firms have little likelihood of becoming self-sufficient prior to the PACD, a review of that component will be undertaken during the upcoming SAR period to determine future funding.
3. A review of the GREPI research component will be undertaken.
4. To alleviate the problem of INIAA's voucher liquidation backlog, they will hire six accountants under the National Advisor funds to help them get current.
5. The option of extending the PACD exists due to the fact that a continuation project has yet to be designed. If this next project does not exist as of August 1993, a gap will be created and some of the outputs of ATT will be lost. A review of options by the different institutions with A.I.D. participation is underway.

6. GOP has announced that FUNDEAGRO and ONA will not receive LC funds for 1993. They argued that ONA never had any contemplated in the project and FUNDEAGRO has spent more than what they had budgeted at the beginning of the project. Both institutions have DA funds for 1993. FUNDEAGRO to carry on the seed activity and to culminate the Research and Scholarship activities. ONA for institutional strengthening.

7. The GOP is also thinking about the creation of Fundación Perú. INIAA as a part of that institution will control it for the GOP. I have seen the statutes and they show lack of knowledge about what to do.

8. A coordination with IDB should be established since they are planning a big project for Agricultural Diffusion and Rural Extension. This coordination should be made as soon as possible in order for A.I.D. to design a new project that does not overlap the IDB one.

9. An evaluation of ATT should be undertaken at the beginning of 1993. This evaluation will clear the options and show the alternative paths to follow.

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PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

**IA. BACKGROUND DATA**

Project Title: Employment and Natural Resource Sustainability (ENRS)  
 Project Number: 527-0341  
 Date of Authorization: 09/30/91  
 Date of Obligation: 09/30/91  
 PACD: 09/30/95  
 Implementing Agencies: The Nature Conservancy (TNC) and Fundación Peruana para la Conservación de la Naturaleza (FPCN).  
 Major Contractors: N/A  
 AID Project Manager: Harry E. Wing  
 Status of CPs/Covenants : N/A, Cooperative Agreement (All provisions on track)  
 Date of Last Evaluation: N/A Next Evaluation: 7/93  
 Planned Number of Non-Federal Audits during Fiscal Year: None  
 The Number of such Audits Contracted for/Completed: None  
 Date of Last Audit: N/A Next Audit: 12/31/92

**IB. FINANCIAL DATA**

Amount Authorized:	DA/ESF Grant: original	\$	3,600,000
Amount Obligated:	DA/ESF Grant: original	\$	2,124,756
Amount Committed:	Period:	\$	1,991,000
	Cumulative:	\$	2,066,000
Accrued Expenditures:	Period-Projected:	\$	350,000
	Period-Actual:	\$	33,177
	Cumulative:	\$	108,177
	Period-Next:	\$	304,000
Counterpart			
Contribution:	Planned:	\$	210,000 (in kind and cash)
	Actual:	\$	17,777
% LOP Elapsed:			24.48%
% of Total Auth. Oblig.			59.02%
% of Total Oblig. Exp.			5.09%
% of Total Auth. Exp.			3.00%

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

**Specific Linkage to Strategic Objectives:** The project supports Strategic Objective No. 2 : "Reactivate labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors".

**Percent of LOP Funds Relating to Strategic Objectives:** 100%

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

IIB. PROJECT PURPOSE

The purpose is to create in the Pacaya-Samiria National Reserve (PSNR) a balance between natural resource conservation, biodiversity protection and economic use, leading to sustainable and gradually increasing productivity and income in the region.

III. PROJECT DESCRIPTION

The Project involves a mix of background and applied studies, accompanied by training and technical assistance directed at improving resource management and developing income-generating activities. It will be carried out by The Nature Conservancy (TNC) entirely within the private sector (Fundación Peruana para la Conservación de la Naturaleza and other institutions), and will run for four years at an estimated total cost of \$5 million, including an A.I.D. grant contribution of \$3.6 million.

The anticipated results of the Project include: (1) economically important species prospering; (2) PSNR management maintained at an effective level; (3) expanding community awareness of the feasibility and desirability of sustained yield practices and natural resource conservation; and (4) increasing income opportunities for people inhabiting the PSNR and its surroundings.

IV. PROJECT STATUS

The Project is focused on the implementation of three broad studies (socioeconomic, resource-related, and rapid ecological assessment) which will be the foundation for future specific studies and operating plans. Terms of reference for the studies have been refined and finalized. The Instituto de Investigación de la Amazonía Peruana (IIAP) and the Catholic University will conduct the socio-economic study. The initiation of other studies has been delayed by extended negotiating processes with FPCN, CDC, and IIAP. CDC is processing satellite images. A TNC/FPCN regional office has been established in Iquitos and telephone lines, computers, printers, fax machine, and photocopier have been installed. The Project has hired for Iquitos: a TNC in-country advisor (Eduardo Durand), an FPCN project director (Eloy Pezo), and a support staff (an assistant administrator, a messenger/office helper, and a mechanic/boat operator). A coordinator for community activities and a conservation coordinator are still to be hired. Equipment and supplies have been purchased for field and office operations. A motorcycle and 16-foot aluminum

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

boat with a 75 HP outboard motor have been purchased for field work. Radios and another boat and motor will be purchased. To better coordinate activities in the Reserve, TNC and FPCN have met regularly with representatives of regional government, local communities, the Peruvian Park Service, and the World Wildlife Fund. TNC and WWF have also met in Washington to discuss their own programs in the project area. To get local technical input, the Project is considering forming an advisory committee with experts serving as private consultants. By the end of September, TNC had established a presence in Iquitos and the Reserve, and was moving forward with implementation.

A. EOPS

Planned EOPS

Progress To Date

- |   |  |
|---|--|
| 1. Increased incomes of 10-20% for the 5,000 direct beneficiaries of the project based on new economic activity which is environmentally sustainable. | Three broad field studies (socio-economic, rapid ecological assessment, and resource-related) are being developed to identify improved income generating activities. |
| 2. Enhanced employment opportunities and other economic benefits for approximately 100,000 people within and around the Pacaya-Samiria Reserve.       | Three broad field studies (socio-economic, rapid ecological assessment, and resource-related) are being developed to identify improved employment opportunities.     |
| 3. Maintenance or increased availability of economically important species within Reserve.  | Three broad field studies (socio-economic, rapid ecological assessment, and resource-related) are being developed to identify important species.                     |
| 4. No net gain in environmental degradation to the Pacaya-Samiria Reserve and within the project designated areas.                                    | None as yet.   |
| 5. Enhanced community awareness of the feasibility and desirability of sustained yield practices.   | Community selection:<br>Manco Cápac, Breña, and 20 de Enero have been visited and selected as sites to initiate income-increasing activities.                        |
| 6. Increased product volumes in extractive industries, fishing, and agroforestry.   | None as yet.   |

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

B. Major Outputs

	<u>Planned</u>				<u>Accomplished</u>		
	<u>LOP</u>	<u>Period</u>	<u>Cum.</u>	<u>Next Period</u>	<u>Period</u>	<u>Cum.</u>	<u>% of LOP</u>
1. Community centers built	6	0	0	2	0	0	0
2. Control posts renovated	4	0	0	1	0	0	0
3. Studies finished	8	0	1	3	0	0	0
4. People trained (short-term)	211	0	0	3	0	0	0

C. Other Accomplishments and Overall Status

TNC is working on a operating plan for calendar year 1993, which will be submitted with an annual report of activities at the end of December. Adjusting activities on a calendar year basis will allow TNC to fit into the annual rhythm of activity in the project area (October is a busy month, November a transition month, and December is slow because of heavy rains).

There are no specific WID-related activities in this project. There is no impact on U.S. job exports.

D. Problems and Delays

The Project has been delayed by factors beyond TNC's control. Approval of the initial environmental assessment was delayed until May 1992 by excessive workload in the LAC Bureau and needed clarification by the Mission. This problem affected approval of the 1992 workplan until mid-June. Presently, the major project problem is a State Department decision to limit the number of TDYs for Peru. The broad field studies have not progressed as expected because TNC staff cannot travel to Peru as planned. Progress may suffer further delays due to heavy rains expected to occur at the end of 1992.

E. Major Activities or Corrective Actions During the Next Six Months

- Establish terms of reference for the positions of coordinator for community activities and coordinator for conservation. Begin search for candidates to fill these positions.
- Finalize selection of one or two communities where field work will be initiated. Strengthen dialogue with community leaders on how the project should interact with communities.

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PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

- Complete reconditioning of selected control posts.
- Train two members from FPCN and one from the Loreto Region in protected areas management in Ecuador (Oct. 26 - Nov. 5, 1992). Eloy Pezo (FPCN), Francisco Estremadoyro (FPCN), and Walter Herrera (PSNR Director) will attend course. Continue on-the-job training of administrative personnel.
- Complete the three broad studies. Technical advice to the socio-economic, ecological, and resource capability studies will be provided by Dr. Peter Bayley (fisheries expert) and Dr. Roberto Roca (vertebrate zoologist).
- Carry out the audit of FPCN.
- Continued general management and supervision provided by Mr. Dennis McGaffrey of TNC.

(2705M)

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A. EOPS

Planned EOPS

1. \$215 million annual increase in non traditional export earnings (\*)
2. 21,000 workers employed (\*)
3. An enhanced local export promotion services capacity created (\*)
4. At least three non traditional export products are being exported from the UHV or other coca growing areas (\*)

Progress To Date

(\*) Progress has been limited for reasons explained in D, below.

B. Major Outputs

	<u>Planned</u>		<u>Accomplished</u>
	<u>LOP</u>	<u>Period Cum. Next Period</u>	<u>Period Cum. % of LOP</u>
1. Identification and selection of promising export enterprises (*)			(*) Progress has been limited for reasons explained in D, below.
2. Strengthen local export promotion services capability (*)			
3. Greater information sharing and education within the export sector on critical export issues (*)			
4. Strengthened capability within the export sector to identify and prioritize needed policy and regulatory reforms and present alternative policy proposals to the GOP for adoption (*)			
5. Increased production, management and marketing capabilities of export firms (*)			
6. Improved consistency (volume, quality and timely delivery) of production base (*)			
7. Working capital and medium term financing provided to exporters (*)			
8. Training			
8a. Long Term			
8b. Short Term			

C. Other Accomplishments and Overall Status

The major activities planned for the project, under the institutional contractor, have been delayed for political reasons. During the last quarter, ADEX has made significant advances in implementing their approved annual workplan. A total of 14 experts in fields such as dry bean production, jewelry, pattern making and quality control systems for fish processing plants have participated in workshops/seminars on the latest developments in their fields. In addition, they have provided technical advisory services to various companies in Lima and the provinces. IESC has also provided selected companies with technical advisory services through retired executives who have spent 1 to 2 months helping solve production/marketing problems.

D. Problems and Delays

Although the project was started in September of 1991, it has not yet been possible to make substantial progress, because the contracting of the IC has been delayed. It was first postponed after in April 5th as a consequence of the suspension of constitutional rule, leaving project activities at a minimum maintenance level. Recently, the contracting process has been postponed again awaiting AID/W guidance on the implications of FAA Sect.599. In addition, due to restrictions for authorizing travel of technicians from the U.S. to Peru, ADEX and IESC have seen their planned activities severely limited since August, 1992. Both institutions are currently working on alternative action plans which will allow project implementation despite current difficulties.

E. Major Activities or Corrective Actions During the Next Six Months

Once AID/W's guidance on the implications of the new legislation is received, the Mission will modify the RFP as/if required and will continue with the process for contracting the IC. Depending on AID/W guidance and also on how the USG interprets Peru's return to democracy, the RFP might require changes in order to facilitate TDYers visits as well as to include new activities, not contemplated in the original PP, which was written in 1990/91. To date, Peru has changed considerably since that time.

(Cont.... Major Activities or Corrective Actions During the Next Six Months)

ADEX is completing its annual plan for CY 93. It will include implementation of workshops and technical advisory services for activities such as: a) dry bean production to complete study of experimental plots' results, and expand into actual production of improved export varieties; b) in collaboration with the Fashion Institute of New York (FIT) perform leather/apparel industry assessment that will serve as basis for development plan; c) develop a comprehensive program to introduce FDA's Quality Control System (HACCAP) for the fishing industry and d) continue working with jewelers in order to help them increase value added in exports by switching to new and more sophisticated techniques. Other activities are: strengthening the Information Center, extending the outreach program to selected Chambers of Commerce in the provinces, and providing funds to APHIS for phytosanitary activities in Peru, related to fresh produce exports.

Additional funds will be allocated to IESC's Grant to facilitate more interventions in the provinces. IESC will also work through their "ABLE" program to assist with marketing studies.

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PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

IA. BACKGROUND DATA

Project Title: Peru PVO Support Project  
 Project Number: 527-0353  
 Date of Authorization: original 07/08/92  
 Date of Obligation: original 09/30/92  
 PACD: original 09/30/98  
 Implementing Agencies: 1. Private Agencies Collaborating Together (PACT)  
 2. International and National PVOs  
 Major Contractors: None.  
 AID Project Manager: Michael Kerst  
 Status of CPs/Covenants: N/A, Cooperative Agreement (All provisions on track).  
 Date of Last Evaluation: N/A Next Evaluation: 02/94  
 Planned Number of Non-Federal Audits during Fiscal Year: None.  
 The Number of Such Audits Contracted for/Completed: None.  
 Date of Last Audit: N/A Next Audit: 12/31/93

IB. FINANCIAL DATA

GRANT FUNDING:  
 Amount Authorized: \$13,600,000  
 Amount Obligated: \$ 1,633,500  
 Amount Committed: Period: - 0 -  
 Cumulative: - 0 -  
 Accrued Expenditures: Period - Projected: N/A  
 Period - Actual: \$ N/A  
 Cumulative: \$ N/A  
 Period - Next \$ 900,000  
 Counterpart Contribution: Planned: \$1,300,000 (Mixed: In-Kind and Cash)  
 Actual: \$ N/A  
 % LOP Elapsed: 0%  
 % of Total Auth. Oblig. 12%  
 % of Total Oblig. Exp. 0%  
 % of Total Auth. Exp. 0%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This project supports Strategic Objective No. 2 : "Reactivate labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors". This project also supports Strategic Objective No. 3 : "Improve Health Status through access to quality primary health care".

Percentage of LOP Funds Relating to Strategic Objectives:

No. 2	90%
No. 3	<u>10%</u>
	100%

IIB. PROJECT PURPOSE

To expand the amount and increase the developmental impact of PVO/NGO programs in the key sectors of agriculture, health, and enterprise development; and to strengthen the institutional capacity of Peruvian NGOs to work more effectively with community organizations in the delivery of services in these key areas. The project will also increase the effectiveness of existing PVO/NGO food-assisted programs, providing additional funding and technical assistance for new developmental initiatives.

III. PROJECT DESCRIPTION

PACT, a U.S. PVO with ample experience in the field of assisting NGOs, will provide the services of an in-country Project Management Unit (PMU) to implement the project. The functions of this unit will be to administer two types of small subgrants to international and national NGOs, as well as to selected community groups. The first type is an institutional strengthening subgrant which will provide management services to NGOs to improve their ability to implement development projects with significant community participation. The second type is a development subgrant to undertake projects in priority areas of agriculture, enterprise development, and health. The PMU will also consolidate the PL480 Title II monetization activity and provide analytical and administrative services for the USAID food assistance program. Working with the PL480 program, the project will attack the causes of poverty in Peru, focusing on poor women in their productive role as income earners in the family.

IV. PROJECT STATUS

A. EOPS

The cooperative agreement for this project was signed on September 30, 1992. There were no implementation actions undertaken in FY 1992.

Planned EOPS

Progress to Date

The Project Management Unit will work with the mission to quantify the end of project status and establish benchmarks against which to measure the status during the first six months of project implementation.

B. MAJOR OUTPUTS

Project began on last day of reporting period.

Planned

Accomplished

14 development subgrants awarded	None.
18 institutional strengthening subgrants	None.
25 workshops conducted/TA provided	None.
Skills transferred to beneficiaries in ag/micro/hlth	None.
Technologies adopted and used	None.
Community projects undertaken and successful	None.
Uniform monitoring system adopted.	None.
-Financial	
-Commodity	
-Impact	

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

No covenants to be met. However, a Memorandum of Understanding between USAID and the Government of Peru needs to be signed regarding the relationship of the latter to the project and the implementing agency.

D. PROBLEMS AND DELAYS

1. Arrival of PACT chief of party to start up the project has been delayed because of authorized departure status.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING THE NEXT SIX MONTHS

1. Expedite the arrival of PACT staff so that project implementation can begin.

2. Negotiate Memorandum of Understanding with the Government of Peru to define its relationship with PACT and with the project.

3. Work closely with PACT and the NGO community to develop the criteria for project participation: the types of organizations eligible to receive subgrants, the types of projects eligible in each key sector, procedures for preparing proposals and guidelines to AID regulations, project criteria, the selection process, formats for submission and reporting, etc.

4. PMU to develop indicators and baseline for measuring end of project status. Assist in the development where necessary of such indicators for PVOs involved in Title II program.

5. PMU to provide analysis of annual operating plan submissions by PVOs involved in Title II program.

6. Award of first subgrants by end of the next reporting period.

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**PROJECT STATUS REPORT**  
April 1, 1992 - September 30, 1992

**IA. BACKGROUND DATA**

Project Title: Support to Drought Areas: ADRA/OFASA  
 Project Number: 968-2058.00  
 Date of Authorization: original 9/30/92  
 Date of Obligation: original 9/30/92  
 PACD: original 6/30/93  
 Implementing Agencies: ADRA/OFASA  
 Major Contractors: None  
 AID Project Manager: Edilberto Alarcon  
 Status of CPs/Covenants: N/A, PVO Grant (All provisions on track)  
 Date of Last Evaluation: None Next Evaluation: 06/30/93  
 Planned Number of Non-Federal Audits during Fiscal Year: None  
 The Number of such Audits Contracted for/Completed: -  
 Date of Last Audit: N/A Next Audit: 06/30/93

**IB. FINANCIAL DATA**

Amount Authorized:	1DA	Grant:	original	\$ 1,243,153
Amount Obligated:	1DA	Grant:	original	\$ 1,243,153
Amount Committed:		Period:		\$ 1,243,153
		Cumulative:		\$ 1,243,153
Accrued Expenditures:		Period - Projected:		\$ 0
		Period - Actual:		\$ 0
		Cumulative:		\$ 0
		Period - Next:		\$ 1,143,000
Counterpart				
Contribution:		Planned:		\$ None
		Actual:		\$ N/A
% LOP Elapsed:				0%
% of Total Auth. Oblig.				100%
% of Total Oblig. Exp.				0%
% of Total Auth. Exp.				0%

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives: This project directly supports Strategic Objective N°2: Reactivated labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors.

Percent of LOP Funds Relating to Strategic Objectives: 100 %

**IIB. PROJECT PURPOSE**

To provide emergency assistance to the small and subsistence farmers most seriously affected by the 1991-92 drought.

**III. PROJECT DESCRIPTION**

The project will provide to an estimated 7,500 farmers' families in the departments of Huancavelica, Ayacucho, Puno, Arequipa and Cajamarca, an assistance package which includes agricultural inputs, technical assistance, training and potable water wells.

Beneficiary communities will provide labor and will participate in project administration.

**IV. PROJECT STATUS**

The project was authorized and the Grant Agreement signed on the last day of the reporting period. Cost proposals for agricultural inputs have been requested.

**A. EOPS**

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	750 Has. planted and producing food crops.	None
2.	50 Potable water wells in operation.	None
3.	Improved living conditions for 7,500 farmers' families.	None
4.	Improved agricultural technologies adopted.	None
5.	Community revolving fund mechanisms established.	None

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PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

**B. Major Outputs**

	LOP	Planned			Accomplished		
		Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Food crops produced	5,160 MT	0	0	0	0	0	0
2. Water wells in operation	50	0	0	25	0	0	0
3. Stocks of Seeds formed	50	0	0	0	0	0	0
4. N/A							
5. Training							
5a. Long Term							
5b. Short Term							

**C. Other Accomplishments and Overall Status**

Project activities will start on 10/01/92. As it is traditional in Peruvian Andean communities, women will actively participate in the sowing and harvesting tasks. As household managers, women will also store the new food crops and make sure that the derived benefits reach all family members.

**D. Problems and Delays**

None.

**E. Major Activities or Corrective Actions During the Next Six Months**

All agricultural inputs will be purchased and used during the planting season. Well drilling rig in operation. Project monitor contracted.

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

**IA. BACKGROUND DATA**

Project Title: Support to Drought Areas : CARE  
 Project Number: 968-2058.01  
 Date of Authorization: original 9/30/92  
 Date of Obligation: original 9/30/92  
 PACD: original 6/30/93  
 Implementing Agencies: CARE  
 Major Contractors: None  
 AID Project Manager: Edilberto Alarcon  
 Status of CPs/Covenants: N/A, PVO Grant (All provisions on track)  
 Date of Last Evaluation: None Next Evaluation: 06/30/93  
 Planned Number of Non-Federal Audits during Fiscal Year: None  
 The Number of such Audits Contracted for/Completed: -  
 Date of Last Audit: N/A Next Audit: 06/30/93

**IB. FINANCIAL DATA**

Amount Authorized: 1DA	Grant: original	\$ 746,000
Amount Obligated: 1DA	Grant: original	\$ 746,000
Amount Committed:	Period:	\$ 746,000
	Cumulative:	\$ 746,000
Accrued Expenditures:	Period - Projected:	\$ 0
	Period - Actual:	\$ 0
	Cumulative:	\$ 0
	Period - Next:	\$ 700,000
Counterpart Contribution:	Planned:	\$ None
	Actual:	\$ N/A
% LOP Elapsed:		0%
% of Total Auth. Oblig.		100%
% of Total Oblig. Exp.		0%
% of Total Auth. Exp.		0%

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives: This project directly supports Strategic Objective N°2: Reactivated labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors.

Percent of LOP Funds Relating to Strategic Objectives: 100 %

**IIB. PROJECT PURPOSE**

To provide emergency assistance to the small and subsistence farmers most seriously affected by the 1991-92 drought.

**III. PROJECT DESCRIPTION**

The project will provide to each one of sixty selected communities of the department of Puno, an assistance package which includes agricultural inputs, technical assistance, training and animal health services. In addition, the project will provide funding for inland transportation costs of 3,400 MT of food commodities donated by USAID for FFW activities in Puno.

Beneficiary communities will provide labor and will participate in project administration.

**IV. PROJECT STATUS**

The project was authorized and the Grant Agreement signed on the last day of the reporting period. Cost proposals for agricultural inputs have been requested.

**A. EOPS**

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	444 Has. planted and producing food crops.	None
2.	299 Has. planted and producing fodder and improved pastures.	None
3.	Improved health conditions for 69,000 heads of sheep and cattle.	None
4.	Improved living conditions for 4,950 farmers' families.	None
5.	Improved agricultural technologies adopted.	None
6.	Community revolving fund mechanisms established.	None

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

B. Major Outputs

	LOP	Planned			Accomplished		
		Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Food crops produced	1,500 MT	0	0	0	0	0	0
2. Pastures produced	4,700 MT	0	0	0	0	0	0
3. Animal Heads attended	69,000	0	0	35,000	0	0	0
4. Food commodities transported	3,400 MT			3,400	0	0	0
5. Training	-						
5a. Long Term	-						
5b. Short Term	-						
6. Stock of Seeds formed	60 MT				0	0	0

C. Other Accomplishments and Overall Status

Project activities will start on 10/01/92. As it is traditional in Peruvian Andean communities, women will actively participate in the sowing and harvesting tasks. As household managers, women will also store the new food crops and make sure that the derived benefits reach all family members.

D. Problems and Delays

None.

E. Major Activities or Corrective Actions During the Next Six Months

All agriculture inputs will be purchased and used during the planting season.

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

APROPO is working in coordination with other organizations to avoid overlap and reinforce their activities. APROPO actively participates in "Ferias Populares de Salud y Planificación Familiar". Also, APROPO has signed collaborative agreements with the National Population Council, AMIDEP (a research and information PVO), Peruvian Medical Association, and Women's Associations. They perform joint activities in communication and training.

A successful effort was made to work with three technical advisors, from different central projects, since the project requires an integrated approach. This effort was done despite the travel limits for TDYs due to security regulations in Peru.

This project also contributes to the economic recovery of the commercial sector, stimulating increase in sales and production of contraceptive products locally produced.

**Women in Development:**

1. **Project Staff**  
The Project Director and three of the four key project staff members are women.
2. **Training of pharmacists and pharmacy clerks**  
From 2,190 trainees, around (70%) 1,400 were women. Most pharmacy clerks are women.
3. **Beneficiaries (contraceptive users)**  
Since all three methods promoted by the project social marketing program are directed to women, 100% of users are women. However in the second year it is planned to introduce male condoms in the program.
4. **Communication**  
The project communication strategy include messages for couples, for women and for men. Through research, the implementing agency has identified the need to address individual issues for men and women, in order to change their particular negative attitudes towards modern contraceptive methods.

**D. Problems and Delays**

Due to security restrictions technical advisors could not travel to Peru with the required frequency.

Delays for a buy-in approval with SOMARC in AID/W during the previous semester caused a delay in receiving the technical assistance to complete the marketing plan and start the product publicity campaign in June. The actual campaign (9 weeks) started at the end of August. Therefore, its effect on sales will be reflected only between September and December. Due to this fact, estimated sales for 1993 may be revised by APROPO.

Project is probably under funded specially in the Communications Component (generic information) to have a rational and long-term impact.

The economic recession caused financial problems to private businesses. Therefore, many of them cannot afford to invest in family planning services for their workers, which is the main objective of the Commercial Services Component of this project.

**E. Major Activities or Corrective Actions During the Next Six Months**

**CSM Component:**

- Revise contraceptive sales projections based on October-December results.
- Market feasibility study for Condoms with T.A. of SOMARC
- Contests for pharmacies and clerks regarding counselling and CSM products. This is to maintain their interest for providing high quality information to their clients.
- A second training program on contraceptive methods and interpersonal communications for pharmacy clerks.
- Continue mass media campaign in TV and radio for CSM products.
- Pharmacy audits and sales analysis.

**CSD Component:**

- Identify companies in good financial situation as potential PREVIED clients.
- Publicity, promotion and aggressive sales campaigns by radio, newsletter, telemarketing and company presentations.
- Seminars for social workers, doctors and labor unions.
- Progress evaluation.

**Communication Component:**

- Continue radio microprograms and T.V. shows with telephone counselling.
- Theater play for enterprises, as part of PREVIED promotion.
- Press editions (Suplemento Periodístico)
- Evaluation of progress.
- To intensify the mass media national campaign, APROPO will use PL 480 local funds, channeled through the Ministry of Economy and Finance, as proposed by USAID.

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**PROJECT STATUS REPORT**  
**April 1, 1992 - September 30, 1992**

**INCOME GENERATION AND CONTRIBUTIONS**

1. Contracts with 4 pharmaceutical Companies produced US\$64,400 which was more than expected (US\$50,000).
2. In-kind contribution of a total of US\$300,000 was accounted mainly for free TV and Radio time. The expected contribution was of US\$50,000.

**B. Major Outputs**

	Planned		Accomplished			
	LOP	Period Cum.	Next Period*	Period	Cum.	% of LOP
<b>A. CONTRACEPTIVE SOCIAL MARKETING</b>						
<b>1. Publicity</b>						
T.V. Spots				1,686	1,686	
Audience			240'000	118'200	118'200	
Radio Spots				1,578	1,578	
Audience			80'000	45'110	45'110	
<b>2. Promotion</b>						
% pharmacies CSM products		100%	100%	80%	80%	
% carrying CSM material		40%	40%	17%	17%	
No. pamphlets			2'000	113,000	113,000	
No. displays			1,000	732	732	
No. stickers			3,000	128	128	
<b>3. Training</b>						
No. pharmacies		1,800	1,500	883	1,133	
No. trainees		1,800	3,000	2,190	2,490	
Training of trainers course		1		1	1	
<b>B. COMMERCIAL SERVICES DELIVERY</b>						
<b>1. Affiliated clinics</b>						
		12		5	9	
<b>2. Promotion</b>						
Promotional material produced		1		1	1	
Product launched		1		1	1	
Companies visited		50	240	43	43	
Seminars				4	4	
No. participants				130	130	
Newsletters			1,500	-	-	
<b>C. COMMUNICATION</b>						
Radio programs		588	360	260	260	
Average Audience		32,000	422,000	449,000	449,000	
Radio spots				640	640	
Average Audience		233,000		38,800	38,800	
T.V. presentations		7	18	6	6	
Average Audience		1'500	1'500	800,000	800,000	
Theater presentations		78	130	78	78	
Attendants		11,700	3,250	18,500	18,500	
Counselling cases		234	1,600	1,281	1,281	
Press articles/reports		26	6	16	16	
Average No. readers		50,000	80,000	95	95	
<b>D. INCOME/CONTRIBUTION (US\$)</b>						
		<u>50,000</u>	<u>336,000</u>	<u>342,020</u>	<u>364,520</u>	
- CSM		25,000	129,000	54,400	64,400	
- CSD		15,000	7,000	120	120	
- Communications		10,000	200,000	287,500	300,000**	

(\*) Covers next 12 month

(\*\*) In-kind contributions through free radio and T.V. space

**C. Other Accomplishments and Overall Status**

APROPO has been working at a more accelerated pace than proposed by the project paper, in particular to start generating income during the first year, as agreed in the cooperative agreement.

APROPO signed four contracts with pharmaceutical companies instead of the minimum one originally scheduled. This outcome was also possible because of the great interest that companies have in participating in the project.

FINANCIAL SUMMARY OF USAID/PERU PORTFOLIO  
(APR/1, 1992 THROUGH SEP/30, 1992)

(\$,000)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
PROJECT NO.	STRATEGIC OBJECTIVE PROGRAM/PROJECT TITLE	DATE OF INIT. CONTRACT	DATE LAST REVISED	% OF LOP ELAPSED	% OF LOP ELAPSED	% AUTH. LOP ELAPSED	CURRENT FY DOLL. AMOUNT TO DATE	CUMUL. AMOUNT TO DATE	REMAINING PLANNED BY FISCAL YEAR	PLANNED SEMESTER EXPEND.	ACTUAL ACQR. SEMESTER EXPEND.	ACCURD AS % OF PLANNED	CUMULATIVE AS % OF PLANNED	ENDING BALANCE	PLANNED EXPEND. NEXT SEP.		
<b>2 Reactivated labor - intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors.</b>																	
5270238.00	G AGRIC. PLANNING INSTIT. DEVELOP.	25-Aug-83	31-Dec-91	100%	100%	100%	6,650	6,627	0	0	0	0%	6,627	0	0		
5270238.00	L AGRIC. PLANNING INSTIT. DEVELOP.	25-Aug-83	31-Dec-91	100%	100%	100%	11,000	10,212	0	0	0	0%	10,212	0	0		
<b>4 Encourage strong democratic institutions that reinforce economic freedom.</b>																	
5270315.00	G ANDEAN PEACE SCHOLARSHIP	24-Sep-87	30-Nov-91	100%	100%	95%	6,358	0	5,596	0	0	0%	5,596	0	245		
<b>ADDITIONAL TERMINATED PROJECTS</b>																	
<b>ACTIVE PROGRAM</b>																	
<b>1 Establishment and maintenance of sound economic policy and structural reforms that promote economic stabilization and sustainable economic growth.</b>																	
5270344.00	G ECON. STABILIZATION & RECOVERY	30-Sep-91	30-Sep-92	30%	40%	40%	50,000	0	50,000	20,000	20,000	100%	20,000	0	30,000		
<b>SUBTOTAL ACTIVE PROGRAM</b>																	
<b>TOTALS</b>																	
65% 287,319 21,603 212,810 65,857 87,924 30,966 26,285 85% 137,890 74,920 45,874																	



**PROJECT STATUS REPORT**  
April 1, 1992 - September 30, 1992

**IA. BACKGROUND DATA**

Project Title: Upper Huallaga Area Development  
 Project Number: 527-0244  
 Date of Authorization: original 09/08/81 amendments 06/25/86; 09/30/88; 08/23/91  
 Date of Obligation: original 09/15/81 amendments 03/03/82; 03/07/83; 02/16/84;  
 12/28/84; 06/27/86; 09/30/88; 07/25/89;  
 08/09/90; 09/30/91  
 PACD: original 09/30/86 amendment 12/31/92  
 Implementing Agencies: Proyecto Especial Alto Huallaga (PEAH)  
 Major Contractors: IRI (8/83 to 10/86), RONCO (11/86 to 12/89)  
 AID Project Manager: Merritt Broady  
 Status of CPs/Covenants: CPs: on track; Covenants on track  
 Date of Last Evaluation: 4/20/92 Next Evaluation: None  
 Planned Number of Non-Federal Audits during Fiscal Year: 1  
 The Number of such Audits Contracted for/Completed: None  
 Date of Last Audit: 03/30/90 Next Audit: 12/31/92

**1B. FINANCIAL DATA**

Amount Authorized:	DA Loan: original	\$ 15,000,000	
Amount Obligated:	DA Loan: original	\$ 15,000,000	
Amount Committed:	Period:	\$ 12,253	
	Cumulative:	\$ 14,614,686	
Accrued Expenditures:	Period - Projected:	\$ 751,000	
	Period - Actual:	\$ (30,747)	
	Cumulative:	\$ 14,218,686	
	Period - Next:	\$ 781,314	
Amount Authorized:	DA/ESF Grant: original	\$ 3,000,000	amended to \$ 12,900,000
Amount Obligated:	DA/ESF Grant: original	\$ 750,000	amended to \$ 12,900,000
Amount Committed:	Period:	\$ 106,120	
	Cumulative:	\$ 12,867,197	
Accrued Expenditures:	Period - Projected:	\$ 1,117,000	
	Period - Actual:	\$ (318,553)	
	Cumulative:	\$ 11,464,136	
	Period - Next:	\$ 1,435,864	
Counterpart			
Contribution:	Planned:	\$ 13,858,675	Cash (LOP)
	Actual:	\$ 20,572,873	Cash (LOP)
% LOP Elapsed:		97.81%	
% of Total Auth. Oblig.		100.00%	
% of Total Oblig. Exp.		91.83%	
% of Total Auth. Exp.		91.83%	

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

**Specific Linkage to Strategic Objectives:**

This Project directly supports Strategic Objective No.5: Replace of coca-based employment and foreign exchange earnings with legal alternative. It also supports Strategic Objective N°2: Reactivated labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors.

Percent of LOP Funds Relating to Strategic Objectives: S.O. 5 = 70%  
 S.O. 2 = 30%  
 100%

**IIB. PROJECT PURPOSE**

To support GOP development and narcotics control activities in the UHV by strengthening public sector agricultural support services and expanding rural and community development activities.

**III. PROJECT DESCRIPTION**

The Upper Huallaga Area Development (UHAD) Project will develop and transfer appropriate agricultural technologies and will strengthen agricultural support services in the Upper Huallaga Valley (UHV). Project activities carried out in support of this purpose have concentrated on reestablishing GOP agricultural development services in the valley. These activities include: adaptive research to determine the agronomic, economic, and socio-cultural feasibility of agricultural technologies packages; expanding and upgrading existing extension services; upgrading the capacity of the local University of the High Jungle (UNAS) to train agricultural scientists and conduct farm-level, agricultural seminars for extension workers and small-scale farmers; providing short and long term agricultural credit; strengthening farm production activities (e.g. land registration, grain storage facilities, agricultural and resource information); improving road maintenance and providing potable water systems and related community development facilities to local communities. The project has and is responding to a situation in flux with ever more responsive and effective means of assistance.

**STRATEGIC**

**OBJECTIVE 5**

UPDATED EOPS 1992-1994	BASELINE 1992	FINAL 1994	OBSERVATIONS
At least 70% of moderate and severe ARI will be treated according to MOH norms.	50%	70%	To be measured by DHS-III (1996).
44 hospitals will have Lactation Management/Weaning Trainer Teams and will have written and implemented policies in support of breastfeeding.	2 hospitals have trainer teams	44 hospitals to receive training of trainers	Monitoring will come from the training and supervision agreement.
55% of mothers with infants under four months of age will be exclusively breastfeeding.	40%	55%	Current level according to DHS-II, 1992.
At least 18% of infants will receive calorically-dense foods as their first weaning food.	2-5%	18%	DHS-II information on current status. DHS-III (1996) and other available surveys will provide final data.
7,000 physicians, nurses, midwives, and auxiliaries will receive replicate training courses in diarrhea/ARI management and/or lactation/weaning management.	0	7,000	Local training costs expected to be provided by PL-480.
HIS/MIS computerized information systems operational nationwide.	19	36	This will require continued MOH budgeting of Treasury funds.
An Active Epidemiologic Surveillance (VEA) system will be in place and up to 35 health professionals trained in field epidemiology assigned at the central and regional levels.	10	35	Continued agreement between MOH and UPCH.

REVISED OUTPUT INDICATORS BY PROJECT COMPONENT  
FOR THE EXTENSION PERIOD

1. IMMUNIZATIONS

INDICATORS AND SUB-OUTPUTS	BASELINE 9/92	CURRENT 10/92	FINAL 12/94	OBSERVATIONS
Completion of National Inventory of Cold Chain Equipment.	0	0	1	PL-480 funds to be used.
Functioning national maintenance and cold chain logistics plan in all MOH Regions and Subregions.	0	0	36	The number of Regional and Sub-regional Health units incorporated into the plan.
Cold chain maintenance training provided to at least one employee per health center and health post.	240	240	3300	The number of health service facilities with cold chain equipment.
Basic refrigerator repair training provided to MOH staff in Regions and Sub-regions.	18	18	36	The number of Regions and Sub-regions with a trained repairman.
Completion of 2 operational research studies.	0	0	2	e.g. Disposable vs. reusable syringes; boosting NNT coverage in women of fertile age; poliovirus transmission.
Replacement of refrigerators in disrepair to strengthen cold chain.	726	726	826	Purchase of up to 100 refrigerators, depending on the results of the National Cold Chain Inventory.
Inventory control and logistics system installed in each health region, with demonstration projects in 2 regions to fine tune methodologies.	0	0	2	Possible demonstration sites include Puno and Chiclayo.

**CHILD SURVIVAL ACTION PROJECT STATUS REPORT**  
(April 1, 1992 - September 30, 1992)

As indicated in the Action Memorandum approving a two-year PACD extension, to December 31, 1994, the additional time and funding will permit the successful completion of the following Project components:

- a. Institutionalization of the Peruvian Expanded Program of Immunizations addressing USAID concerns for the wider Andean region.
- b. Completion of the nationwide HIS/MIS, providing for the sustainable continuation of this major USG investment.
- c. Improve communicable disease reporting and capability to investigate and respond to disease outbreaks with a strengthened Active Epidemiological Surveillance network and institutionalization of the Field Epidemiological Training Program.
- d. In-service clinical training on diarrheal diseases and cholera, breastfeeding and weaning, and acute respiratory infections to reduce infant mortality rates.
- e. Implementation of a mass media communications campaign on specific messages for diarrheal diseases and proper infant feeding.
- f. Undertake the final CSAP evaluation and audit.

Therefore, during the extension period, grant funds will be concentrated to support five selected Project components: (1) Immunizations; (2) Health and Management Information Systems (HIS/MIS); (3) Epidemiologic Surveillance Program (VEA-FETP); (4) Clinical In-Service Training; and (5) Health/Nutrition Communications. Grant funds will also finance evaluations and audits and AID management support. PL-480 Title III counterpart funds will continue to complement the in-kind contributions and GOP Public Treasury funds to support priority child survival interventions.

**UPDATED END OF PROJECT STATUS (EOPS) INDICATORS**  
**FOR THE EXTENSION PERIOD**

Assuming the achievement of effective interagency and GOP coordination, at the end of two years (December, 1994), the following CSAP targets should be reached:

UPDATED EOPS 1992-1994	BASELINE 1992	FINAL 1994	OBSERVATIONS
80% coverage in children under 1 for BCG, DPT <sup>3</sup> , OPV <sup>3</sup> , and measles.	60%	80%	Baseline immunization coverage level for children under one estimated by the MOH for 1991 (1992 figures not yet available).
40% of women of fertile age will receive two tetanus vaccines prior to or during pregnancy.	20.1%	40%	Current levels according to DHS-II.
Wild polio virus will be eliminated from Peru.	0 cases	0 cases	Requires sustained vaccine coverage and epidemiological surveillance during the period 1992-95.
80 hospitals will have Diarrheal Disease/ARI Trainer Teams and will have operational teaching rehydration units.	7 hospitals in Lima and 19 in regions have trained teams	80 hospitals to receive training of trainers or refresher training	26 hospitals with units received ORT training 1987-88 and now need retraining with new focus on misuse of pharmaceuticals, cholera and dietary management of diarrhea.
At least 50% of diarrheal episodes in children under 5 will be treated with ORS or home available fluids.	31%	50%	To be monitored from the DHS-III in 1995, and other available surveys.
The use of unnecessary pharmaceuticals (antidiarrhetics and antibiotics) for treatment of diarrheal episodes in children under 5 will be reduced by at least one-third.	60%	40%	This will need to be targeted through training and health communications.

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**PROJECT STATUS REPORT**  
**April 1, 1992 - September 30, 1992**

**IA. BACKGROUND DATA**

Project Title: Strengthening Private Sector Health Institution  
 Project Number: 527-0319  
 Date of Authorization: original 09/28/91  
 Date of Obligation: original 09/28/91 amendment 06/30/92 amendment 9/29/92  
 PACD: original 12/31/96  
 Implementing Agencies: CARE International (South)  
 Major Contractors: Institutional Contractor to be selected (North)  
 AID Project Manager: Heather W. Goldman, Chief HPN  
 Status of CPs/Covenants: N/A, Cooperative Agreement (all provisions on track)  
 Date of Last Evaluation: None Next Evaluation: 9/94  
 Planned Number of Non-Federal Audits during Fiscal Year: None  
 The Number of such Audits Contracted for/Completed: None  
 Date of Last Audit: N/A Next Audit: to be implemented by FA/OP with quarterly reports beginning CY 1993

**IB. FINANCIAL DATA**

Amount Authorized:	DA/ Grant: original	\$ 18,000,000
Amount Obligated:	DA/ Grant: original	\$ 3,025,000 amended to \$ 5,356,015
Amount Committed:	Period:	\$ 1,394,453
	Cumulative:	\$ 1,394,453
Accrued Expenditures:	Period - Projected:	\$ 1,000,000
	Period - Actual:	\$ 495,759
	Cumulative:	\$ 495,759
	Period - Next:	\$ 1,000,000
Counterpart Contribution:	Planned:	\$ 1,000,000 (cash/in kind)*
	Actual:	\$ 0
% LOP Elapsed:		18.75%%
% of Total Auth. Oblig.		29.75%%
% of Total Oblig. Exp.		9.25%%
% of Total Auth. Exp.		2.75%%

\* Northern Component of project only

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives:

This project supports Strategic Objective No. 3: Improve health status through access to quality primary health care.

Percent of LOP Funds Relating to Strategic Objectives: 100 %

**IIB. PROJECT PURPOSE**

The project identifies and evaluates models of private primary health care services delivery which improve access, coverage, efficiency, and sustainability of services in two areas of Peru.

**III. PROJECT DESCRIPTION**

The Strengthening Health Institutions Project (SHIP) is designed to address some of the principal constraints (especially limited financial resources) to increasing the coverage of high quality primary health care services for low income populations in Peru. In particular, the project will help improve maternal/child health status indicators in the regions of Puno and Arequipa in the South, and Chiclayo in the North. The proposed \$19.0 million private sector intervention includes A.I.D. funding of \$18.0 million, and an estimated \$1,000,000 in project counterpart contributions from both the public and private sectors.

The goal of the proposed project is to improve the health status of Peruvians through greater coverage of quality primary health care (PHC) services. The project is testing the operational and financial feasibility of different PHC service delivery models. The resulting models will serve to develop and sustain cost recoverable PHC services within marginal income areas, as well as bring about improved collaboration and coordination between private and public sector health care providers.

Project funds will be obligated through a cooperative agreement (CA) with the U.S. based PVO CARE International for the Southern component (MAXSERV), and a Training/Technical Assistance (T/TA) Institutional Contract for the Northern component (MAXSALUD). The procurement of project studies (including some buy-ins to centrally funded projects), PSCs, T/TA Contract audits, and project evaluations, will be carried out by USAID/Peru with funds obligated under the Cooperative Agreement.

**IV. PROJECT STATUS**

The indicator tables will be fully completed at the time of the next Semi-Annual Review

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2. HEALTH AND MANAGEMENT INFORMATION SYSTEMS (HIS/MIS)

INDICATORS AND SUB-OUTPUTS	BASELINE 9/92	CURRENT 10/92	FINAL 12/94	OBSERVATIONS
36 Regions and Subregions inter-connected via computerized system to the central level for information sharing.	19	19	36	An additional 3 Subregions have been added to the system for logistical reasons.
Trimester reporting of mortality/morbidity statistics from the regions consolidated for senior level MOH officials and international cooperating agencies.	1/year	1/year	4/year	Vital reporting will help NPA.
90% of health services transactions and patient consults recorded in the computerized information system.	50%	50%	90%	Transactions include all services and promotional activity at health center level.
100% of Regions and Subregions receive monthly feedback reports on service statistics	50%	50%	100%	To facilitate management decisions at lowest possible level.

3. EPIDEMIOLOGICAL SURVEILLANCE PROGRAM (VEA-FETP)

INDICATORS AND SUB-OUTPUTS	BASELINE 9/92	CURRENT 10/92	FINAL 12/94	OBSERVATIONS
Physicians trained in field epidemiology and assigned to central and regional levels.	10	10	34	USAID expects the arrival of the CDC advisor by mid-September 1992 on an initial 1-month TDY.
Sentinel sites established and functioning.	8	8	31	Initial efforts in cholera will be expanded.
Obligatory disease reporting in 36 Regions and Sub-regions.	12	12	36	Acute Flaccid Paralysis (Polio) Negative Notification system set up by PAHO will be integrated within overall network.
National laboratory personnel trained.	0	0	180	This begins with FY92 obligation.
National (1) and regional (5) reference laboratories upgraded.	0	0	6	This begins with FY92 obligation.

4. CLINICAL IN-SERVICE TRAINING

INDICATORS AND SUB-OUTPUTS	BASELINE 9/92	CURRENT 10/92	FINAL 12/92	OBSERVATIONS
MD-RN hospital teams trained as trainers in diarrheal and ARI case management.	26	26	80	To be trained under the PROCAME/UPCH agreement
MD-RN-Midwife hospital teams trained as trainers in lactation management and weaning.	2	2	44	To be trained under the PROCAME/UPCH agreement
Medical, nursing and auxiliary personnel trained in replicate training courses.	0	0	7,000	To be trained by local training teams with support and supervision of PROCAME

5. HEALTH/NUTRITION COMMUNICATIONS

The specific output indicators and implementation details for this component will be defined and coordinated with UNICEF.

**PROJECT STATUS REPORT**  
**April 1, 1992 - September 30, 1992**

	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
12. Physicians trained in field epidemiology and assigned to central and regional levels	35	0	20	0	0	10	29
13. Sentinel sites established for epidemiologic surveillance	8	0	8	8	0	0	0
14. Obligatory disease reporting in place in 28 UDES	28	0	28	0	0	28	100
15. National laboratory personnel trained	180	0	180	0	0	0	0
16. One national and five regional reference laboratories upgraded	6	0	6	0	0	0	0
17. Overseas Training	36	0	36	0	0	7	35
17a. Long Term	16	0	16	0	0	0	0
7b. Short Term	20	0	20	0	0	7	35
Male	10	0	10	0	0	5	50
Female	10	0	10	0	0	2	20

**C. Other Accomplishments and Overall Status**

- After five years of continued implementation, significant advances have been made towards achieving project's purpose and goal. During this period, the infant mortality rate declined significantly from 88 deaths per 1000 live births in 1987 to approximately 64 per 1000 in 1992. Seventy percent of infant deaths are due to perinatal causes, acute respiratory infections, and diarrheal diseases. Immunopreventable diseases have declined significantly as a cause of death due to important advances in the Expanded Program for Immunizations and polio eradication effort. Project support to the health sector no doubt contributed notably to these important achievements. Principal project achievements to date are reflected by an increase in complete infant immunization coverage, including BCG, DPT<sup>3</sup>, OPV<sup>3</sup>, and measles (from 40.1% in 1987 to 60% in 1991), strengthening of a nationwide "cold chain" for vaccines, increasing nationwide availability of family planning supplies and locally-produced oral rehydration salt (ORS) and the design and implementation of two institution-building programs for strengthening the MOH's technical and managerial capabilities: the Active Epidemiology Surveillance Program (VEA) and the computerized Health and Management Information System (HIS/MIS). The VEA Program contributed significantly to the successful response of the Peruvian health sector to the cholera epidemic which began in January, 1991.

- After a 90-day suspension due to lack of grant funds, the contract with PRISM for the design and implementation of the MOH HIS/MIS system was reassured. Specific activities under a six-month Emergency Action Plan were carried out by PRISM and the MOH with the technical support of PRITEC staff contracted by the MOH using PL-480 funds. All final design refinements, installation of hard/software, and training of MOH managers and users of the HIS/MIS system is being successfully completed. An official transfer of the system to the MOH will be made during the next reporting period, upon completion of the Emergency Action Plan.

- The second 2-year course on field epidemiology was initiated on September 1, 1992, as part of the MOH's FETP/VEA program. A total of ten physicians and one registered nurse were selected for this course after an intensive 4-week selection course given by Peruvian University Cayetano Heredia (UPCH) and MOH.

- During April/May, a polio mop-up and cholera education campaign aimed at interrupting wild polio virus transmission reached over 2 million children under five years of age in 13 of the 25 departments of the country where there was evidence of wild polio virus transmission and cholera outbreaks. Nationwide vaccination campaigns conducted by the MOH expanded the average coverage of fully immunized children under five years of age to 70%. In addition, the measles epidemic affecting several regions of the country was controlled with a massive immunization effort among preschool and school-age children, reaching close to 80% of children up to 14 years of age. To date, the last confirmed case of polio in Peru, and in the Americas, was found in Junin on September 5, 1991. For a certification of polio eradication, no case must be confirmed for a period of three years.

- PSC Project Coordinator technical assistance, particularly in the area of breastfeeding and infant nutrition, was provided to the MOH for nutrition planning and policy development for the country Plan of Action for Children (following up the World Summit for Children) and the country paper for the FAO/WHO International Conference on Nutrition (ICN) to be held in Rome, Italy in December, 1992.

- A USAID-initiated committee of donor agencies was formed and met regularly during the reporting period, called the Interagency Coordination Sub-Committee on Nutrition. This was in addition to the original Interagency Coordination Committee which continued to meet during the reporting period to coordinate donor support to the GOP for the national immunization program.

- Continued emphasis was given under the Project to the role of women in development, as well as to increasing the incorporation of women professionals in Project implementation. From a total of ten participants, three female professionals (2 physicians and 1 registered nurse) were selected to participate in the second, two-year in-country training course on field epidemiology. In addition, a female Economist was named as MOH Director for the Office of Statistics and Informatics and charged with the responsibility to manage the largest Project component: the nationwide Health and Management Information Systems (HIS/MIS).

- During the reporting period, project implementation continued to suffer delays mainly due to the Brooke-Alexander and 620 Q sanctions. In addition, the economic recession in Peru has restricted GOP resources to the public health sector, so that many key child survival services will still depend on external sources of support for a period of time before there will be a self-sustainable system in place. Therefore, as a follow-on activity to this project, Mission is supporting alternative development mechanisms, including an assessment of recurrent costs and the testing of new models of cost-recovery with private sector participation.

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- It should be noted that the MOH has made significant and important progress in self-management of PL-480 funds for project activities, in line with Mission and project strategy to increase public sector responsibility for child survival programs.

**D. Problems and Delays**

- Due to the USG sanctions to Peru during the reporting period, the Mission continued to be unable to obligate additional project grant funds. As a result, key implementation activities to support MOH health programs and management systems were cancelled or postponed. For example, a buy-in to the LAC Health and Nutrition Sustainability Project for a nutrition management training program was cancelled in the final stages of preparation to make available grant monies for other priority needs. Also, this financial situation prompted the temporary suspension and earlier termination of the PRISM contract.

- TDY restrictions resulted in postponement of further activity under the health communications component despite the high level of MOH participation during consultations in February and March of 1992 by the Academy for Educational Development.

- The PL-480 counterpart funds provided critical support to operations of the immunization, diarrheal disease and acute respiratory infection control programs.

- USAID's inability to post the CDC/PASA epidemiologist due to the security situation is weakening the field epidemiology training program at the time when the second two-year course is just beginning. Also, the ssion restrictions on TDYers affected adversely our response to the MOH requests for short-term technical assistance to support VEA in performing epidemiologic analysis and use of the data generated by the HIS.

**E. Major Activities or Corrective Actions During the Next Six Months**

- Continue the overall project implementation in accordance with the revised project description contained in ProAg Amendment No. Six, using the grant funds recently obligated as well as the GOP Public Treasury and PL-480 funds already approved for CY 92.

- Review and approve the MOH project implementation plan and budget for CY 1993, including specific funding support for immunizations, health and management information systems, clinical in-service training, health/nutrition communications, and the Field Epidemiology Training Program/VEA.

- AID/W TDY support has been requested to: (1) Prepare a buy-in to the LAC Regional Accelerated Immunization Program being implemented by PAHO to channel grant funds to support the MOH's Immunization Program in coordination with other donor's contributions; (2) Draft a buy-in to the HEALTHCOM II Project being implemented by the Academy for Educational Development for the provision of technical assistance for the design, testing, development and diffusion of health/nutrition communication messages; and (3) Review and amend the PASA with the U.S. Centers for Disease Control (CDC) for the provision of long and short-term technical assistance to the MOH's Active Epidemiology Surveillance Program.

- Work with the RCO to award a sub-grant to UPCH, based on their unsolicited proposals, to undertake clinical training to physicians and nurses to improve case management of diarrheal diseases and cholera, breastfeeding and weaning, and acute respiratory infections.

- Review and approve the CY 93-94 MOH implementation plan for the Active Epidemiology Program, including the grant-funded support for the second MOH/UPCH course on field epidemiology.

- Initiate the third and final 2-year course on field epidemiology to be financed with grant and PL-480 counterpart funds under the MOH/UPCH agreement.

- Undertake the technical and administrative close out activities of the contract with The PRISM Group.

- Amend the Project Grant Agreement to delete the Condition Precedent to disbursement of grant funds for subsequent acquisition of vehicles.

- Make all necessary arrangements with RIG/A/T to conduct the first CSAP financial audit, covering the period September 1987 to December 1992.

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**TABLE 2**  
**UPDATED END-OF-PROJECT-STATUS (EOPS) INDICATORS**

	UPDATED EOPS 1992-1994	PROGRESS TO DATE
1.*	80% coverage in children under 1 for BCG, DPT <sup>3</sup> , OPV <sup>1</sup> , and measles.	60%
2.**	40% of women of fertile age will receive two tetanus vaccines prior to or during pregnancy.	20.1%
3.+	Wild polio virus will be eliminated from Peru.	0 cases
4.**	80 hospitals have Diarrheal Disease/ARI Trainer Teams and have operational teaching rehydration units.	7 hospitals in Lima and 19 in regions have trainer teams
5.*	At least 50% of diarrheal episodes in children under 5 will be treated with ORS or home available fluids.	31%
6.**	The use of unnecessary pharmaceuticals (antidiarrhetics and antibiotics) for treatment of diarrheal episodes in children under 5 will be reduced by at least one-third.	60%
7.**	At least 70% of moderate and severe ARI will be treated according to MOH norms.	50%
8.**	44 hospitals will have Lactation Management/Weaning Trainer Teams and will have written and implemented policies in support of breastfeeding.	2 hospitals have trainer teams
9.**	55% of mothers with infants under four months of age will be exclusively breastfeeding.	40%
10.**	At least 18% of infants will receive calorically-dense foods as their first weaning food.	2-3%
11.**	7,000 physicians, nurses, midwives, and auxiliaries will receive replicate training courses in diarrhea/ARI management and/or lactation/ weaning management.	0
12.*	HIS/MIS computerized information systems operational nationwide in 36 Regional and Sub-regional Health Units.	19
13.+	An Active Epidemiologic Surveillance (VEA) system will be in place and up to 35 health professionals trained in field epidemiology assigned at the central and regional levels.	10

- + Continued unchanged from the original EOPS.
- \* Modified from the original EOPS.
- \*\* New updated EOPS.

**B. Original Major Outputs**

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Teaching oral rehydration units established	8	0	0	3	0	0	0
2. Public sector health personnel trained in DDC.	8,000	0	6,000	500	0	5,033	63
3. ORS available in public health facilities	100%	10%	90%	10%	10%	80%	80
4. Functioning "cold chain" established with 1 refrigerator per health center	689	20	689	20	0	726	105
5. DPT, BCG, TT, OPV and measles vaccines available in public health facilities	100%	90%	100%	90%	90%	90%	90
6. Public sector health personnel trained in ARI	8,000	0	6,000	1,000	0	4,070	51
7. Antibiotics for ARI control available in public sector health facilities	100%	100%	100%	90%	90%	75%	75
8. Public sector health personnel trained in family planning	8,000	1,000	6,000	1,000	0	1,190	15
9. Appropriate contraceptives methods available in public sector health facilities	100%	100%	100%	100%	98%	98%	98
10. Public sector health personnel trained in HIS/MIS	22,000	1,000	21,000	1,000	500	18,753	85
11. 28 Health Regions and Subregions linked via computerized system to the central level for information sharing	31	10	31	10	0	19	61

**III. PROJECT DESCRIPTION**

The project consists of two major components: (1) expansion of child survival (CS) services; and (2) strengthening of decentralized support systems for sustainable CS service delivery. Activities under the former component include five major CS interventions: diarrheal disease control, nutrition, immunizations, family planning, and acute respiratory infection control. Activities under the latter component include training and supervision, health communications, financial and personnel management and logistics, development of an active epidemiology surveillance program, and design and implementation of a health and management information system.

**IV. PROJECT STATUS**

Project implementation continued to suffer delays mainly due to the Brooke-Alexander and 620 Q sanctions and the resulting Mission inability to obligate authorized grant funds. In view of an original PACD of December 31, 1992, a major planning effort was undertaken during the reporting period for the purpose of requesting a two-year PACD extension with a revised project description and updated EOPS and sub-outputs.

On September 29, 1992, a Project Paper Supplement and Project Authorization Amendment No. Two were approved by the Mission Director, granting a two-year extension of the PACD to December 31, 1994. Upon lifting of sanctions on September 30, 1992, Project Agreement Amendment No. Six was signed by the GOP authorized representative and the Mission Director. This ProAg Amendment obligated \$4.016 million in grant funds, extended the PACD, and provided a Revised Annex 1 - Project Description. During the extension period, the original project goal and purpose will remain unchanged while the additional funds and time will permit the: (1) completion of critical project activities and hence achieve some of its original outputs; and (2) achievement of updated EOPS and revised sub-outputs which are more realistic, feasible and consistent with the current MOH priorities. Development of the PP Supplement resulted in discontinuation or modification of some of the original project elements, and addition of others.

**A. End-of-Project-Status (EOPS) Indicators**

Following are tables which present the Original EOPS Indicators and the Updated EOPS Indicators. Table 1 indicates whether each indicator was discontinued or is being continued under the 1993-94 project extension period. In Table 2, asterisks in the first column indicate which of the Updated EOPS Indicators are continued or modified from the Original EOPS Indicators, or if the indicator is new. Part IV.B. presents the Original Major Outputs. Annex A to this SAR shows in more detail the Updated EOPS Indicators and Revised Outputs for the PACD extension period, as described in the Project Paper Supplement and Agreement Amendment No. Six. These new output indicators will be used to report CSAP progress during the next reporting period.

**TABLE 1**  
**ORIGINAL END-OF-PROJECT-STATUS (EOPS) INDICATORS**

	ORIGINAL PLANNED EOPS	PROGRESS TO DATE	CURRENT STATUS OF EOPS
1.	80% of diarrheal episodes treated with ORT and appropriate dietary management.	See Updated EOPS.	Updated.
2.	80% coverage in children under 5 for BCG, DPT <sup>1</sup> , OPV <sup>3</sup> , and measles.	See Updated EOPS.	Updated.
3.	Wild polio virus will have been eradicated.	See Updated EOPS.	Updated.
4.	The number of family planning users served by the MOH and IPSS will have increased by at least 50%.	Between 1986 and 1991-92, use of modern contraceptive methods increased from 23% to 33% of women in union.	Discontinued.
5.	At least one nutritious weaning food will be promoted in different geographic regions of the country.	This was done by the Instituto de Investigacion Nutricional in several regions.	Discontinued.
6.	A comprehensive Health Information System (HIS) will be installed and operational nationwide in 31 Departmental Health Units.	See Updated EOPS.	Updated.
7.	An Active Epidemiology Surveillance (VEA) system will be in place and up to 35 physicians trained in field epidemiology will have been assigned at the central and departmental levels.	See Updated EOPS.	Updated.
8.	Pharmaceuticals, contraceptives, and medical supplies will be available at all health facilities through a functioning logistics system.	Estimates of availability levels in health facilities are: 75% for ARI antibiotics; 80% for ORS; 90% for vaccines; and 98% for contraceptives.	Discontinued.
9.	GOP financial resources for supporting the delivery of CS services will have increased such that adequate GOP budgetary support for local operating expenditures (local recurrent costs) associated with these programs will have been provided for five years.	Economic recession in Peru has inhibited the reaching of this goal, although significant progress has been made in increasing MOH management of PL-480 funds for project activities.	Discontinued.



**STRATEGIC**

**OBJECTIVE 3**

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B. Major Outputs

	LOP	Planned			Accomplished		
		Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Food crops produced	4,500 MT	0	0	0			
2. Stocks of seeds formed	14	0	0	0			
3. N/A							
4. N/A							
5. Training							
5a. Long Term							
5b. Short Term							

C. Other Accomplishments and Overall Status

Project activities will start on 10/1/92. As it is traditional in Peruvian Andean communities, women will actively participate in the sowing and harvesting tasks. As household managers, women will also store the new food crops and make sure that the derived benefits reach all family members.

D. Problems and Delays

None.

E. Major Activities or Corrective Actions During the Next Six Months

All agricultural inputs will be purchased and used during the planting season.

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IA. BACKGROUND DATA

Project Title: Support to Drought Areas: CARITAS  
Project Number: 968-2058.02  
Date of Authorization: original 9/30/92  
Date of Obligation: original 9/30/92  
PACD: original 6/30/93  
Implementing Agencies: CARITAS  
Major Contractors: None  
AID Project Manager: Edilberto Alarcon  
Status of CPs/Covenants: N/A, PVO Grant (All provisions on track)  
Date of Last Evaluation: - Next Evaluation: 06/30/93  
Planned Number of Non-Federal Audits during Fiscal Year: None  
The Number of such Audits Contracted for/Completed: -  
Date of Last Audit: N/A Next Audit: 06/30/93

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	original	\$ 831,890
Amount Obligated:	DA/ESF Grant:	original	\$ 831,890
Amount Committed:	Period:		\$ 831,890
	Cumulative:		\$ 831,890
Accrued Expenditures:	Period - Projected:		\$ 0
	Period - Actual:		\$ 0
	Cumulative:		\$ 0
	Period - Next:		\$ 790,000
Counterpart			
Contribution:	Planned:		\$ None
	Actual:		\$ N/A
% LOP Elapsed:			0%
% of Total Auth. Oblig.			100%
% of Total Oblig. Exp.			0%
% of Total Auth. Exp.			0%

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IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This project directly supports Strategic Objective N°2: Reactivated labor-intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors.

Percent of LOP Funds Relating to Strategic Objectives: 100 %

IIB. PROJECT PURPOSE

To provide emergency assistance to the small and subsistence farmers most seriously affected by the 1991-92 drought.

III. PROJECT DESCRIPTION

The project will provide to an estimated 18,626 farmers' families in the departments of Cuzco and Apurimac, an assistance package which includes agricultural inputs, technical assistance and training.

Beneficiary communities will provide labor and will participate in project administration.

IV. PROJECT STATUS

The project was authorized and the Grant Agreement signed on the last day of the reporting period. Suppliers of agricultural inputs have been identified and invited to submit proposals.

A. EOPS

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	Approximately 9,000 Has. planted and producing food crops.	None
2.	Improved economic and nutrition conditions for approximately 18,000 farmers' families.	None
3.	Improved agricultural technologies adopted.	None
4.	Community revolving funds mechanisms established.	None

**IA. BACKGROUND DATA**

Project Title: PRIVATE VOLUNTARY ORGANIZATION FAMILY PLANNING SERVICE EXPANSION  
 Project Number: 527-0335  
 Date of Authorization: original 09/22/89 amendment 08/30/90  
 Date of Obligation: original 09/22/89 amendment 06/30/92  
 PACD: original 09/21/90 amendment 09/30/93  
 Implementing Agencies: Asociacion Benefica PRISMA  
 Major Contractors: N/A  
 AID Project Manager: Edgar Necochea, Gloria Nichtawitz  
 Status of CPs/Covenants: N/A, Cooperative Agreement (All provisions on track)  
 Date of Last Evaluation: 05/10/90 Next Evaluation: 3/30/93  
 Planned Number of Non-Federal Audits during Fiscal Year: 1  
 The Number of such Audits Contracted for/Completed: 1  
 Date of Last Audit: 9/30/92 Next Audit: 9/30/93

**IB. FINANCIAL DATA**

Amount Authorized:	DA/ESF Grant:	original	\$ 2,217,302	amended to \$ 11,800,000
Amount Obligated:	DA/ESF Grant:	original	\$ 2,217,302	amended to \$ 10,007,000 <sup>1/</sup>
Amount Committed:	Period:		\$ 148,231	
	Cumulative:		\$ 5,052,082	
Accrued Expenditures:	Period - Projected:		\$ 1,500,000	
	Period - Actual:		\$ 801,870	
	Cumulative:		\$ 4,827,862	
	Period - Next:		\$ 1,000,000	
Counterpart Contribution:	Planned:		\$ N/A	
	Actual:		\$ N/A	
% LOP Elapsed:			75.51%	
% of Total Auth. Oblig.			84.80%	
% of Total Oblig. Exp.			48.24%	
% of Total Auth. Exp.			40.91%	

<sup>1/</sup> Does not include the \$1,793,000 OYB transfer to R&D/POP/CPSD for procurement of contraceptives which when added to amount established by Cooperative Agreement with PRISMA makes the project fully funded. \$2,821,000 of the pipeline is due to AID/W Contraceptive procurement system.

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives:

This project supports strategic objective No. 3: Improved Health Status through access to Quality Primary Health Care

Percent of LOP Funds Relating to Strategic Objectives: 100%

**IIB. PROJECT PURPOSE**

To maximize the availability of all family planning methods to women and men who wish to use them by increasing the capacity of the private voluntary sector to deliver long-lasting contraceptive methods while maintaining support for temporary supply methods and natural family planning

**III. PROJECT DESCRIPTION**

This four-year project provides technical and financial resources to assist six PVOs to increase their capacity to provide quality family planning services. The overall objectives of the project are: 1) to increase the capacity of selected PVOs to deliver family planning services (institution building); 2) to improve the availability of long-lasting contraceptive methods; 3) to maintain support for temporary supply methods and natural family planning; and 4) to enhance rural family planning coverage through PVO/public sector collaboration.

Peru has one of the highest maternal mortality rates in the region (at 30 maternal deaths/10,000 live births, it is 15 times the rate of United States), as well as very high fertility rates of 6.2 (average number of children born live to a woman during her child bearing years) in the rural areas (vs 2.3 in Lima). The 1991 Demographic and Health Survey (DHS) findings show significant relationships between higher infant mortality rates and child spacing, birth order (i.e. number of pregnancies) and maternal educational levels. Family Planning services are an essential part of a primary health care package. As such, improved quality and coverage of family planning services contribute to improve health status through access to quality primary health care. Additionally, most PVOs follow the sound practice of offering family planning services within an integrated Maternal Child Health (M-CH) program which directly improves health care of clients and populations served.

PY4, the last year of the project, according to design, will concentrate on planning, income generation/self sufficiency, rural services expansion and cost efficiency. Additionally effort will be made to consolidate advances that have been made during first 3 years, i.e.: reinforce use of cost and market studies information; up-date of administration and financial procedures manuals; review user targets and method mix and correct, where necessary, to meet project objectives; expand to rural areas, improved control and management of centralized USAID donated contraceptive supplies, etc.

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valuable information to improve access to and distribution of condoms.

3. The last serologic survey conducted among the Callao prostitute cohort showed that only .23% seroconverted cases in the group under surveillance. This may well underscore the success of the whole prevention program, and is vulnerable to abrupt reductions in available funding.

D. Problems and Delays

1. With no plans for future USAID funding and USAID delays in agreement to bridge fund the agreement, some educational programs were interrupted and not made systematic. PECOS also needed specialized TA for their education program.
2. To understand the AIDS problem and priorities in Peru, the MOH needs to develop an AIDS surveillance system based on unlinked anonymous testing to monitor the spread of HIV/AIDS in Peru. This is the approach the EEC grant to PRISMA will support.
3. MHOL needs better-defined objectives to seek financial resources. They will benefit from the formation of an AIDS prevention NGO's Network.
4. The MOH will also need support to define program priorities. For example, PRODICEV did not have sufficient funds to undertake HIV screening in dental students.

E. Major Activities of Corrective Actions During the Next Six Months

PECOS

1. To conclude the scheduled AIDS prevention and education training courses and workshops.
2. To publish the research performed on adolescent female sexuality and develop educational materials.
3. To prepare a campaign for World AIDS Day.
4. To conduct a program evaluation of PRODICEV.

MHOL

1. To continue with the development of the three central activities: boosting Hotline use, broadening the Street Promoter Program, and continuing the Safer Sex Workshops.
2. To publish the research regarding attitude barriers against the use of condoms among the general and high risk populations.
3. To develop new training materials geared to "at risk" groups not currently available (ie., clandestine prostitutes).

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4. Cadre or trained and experienced professionals and volunteers created and engaged in AIDS prevention and central activities. 273

**B. Major Outputs**

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Educators trained in communication methodology and materials development	10	2	6	0	27	40	400%
2. Basic AIDS information pamphlets developed and distributed to the public	360,000	26,000	41,000	100,000	145,634	357,461	99%
3. AIDS information packages designed specifically for women, printed and distributed to the public	50,000	15,000	26,000	26,000	5,170	29,840	60%
4. Research studies conducted on male/female attitudes/behavior	3	1	3	0	1	2	66%
5. Research findings published (Copies)	3,000	0	0	2,000	0	0	0%
6. Workshops conducted for AIDS prevention workers	10	2	8	0	2	13	130%
7. AIDS prevention pamphlets distributed via peer education groups	960,000	150,000	314,500	300,000	264,207	683,579	72%
8. Confidential HIV antibody testing center/laboratory established-tests administered	3,000	600	2,400	1,200	415	2,615	87%
9. AIDS hotline operational and receiving calls.	6,600	500	5,900	600	438	2,984	44%
10. High-risk men trained by peer educators.	240	40	220	40	40	180	75%
11. High-risk men trained in safer sex workshop	600	100	356	100	206	787	131%

**C. Other Accomplishments and Overall Status**

1. Funding for a one year continuation for MOH and MHOL has been obtained by PRISMA from the EEC. PRODICEV will become part of the MOH national network of laboratories; sustainability will be enhanced if higher user-fees are charged for laboratory services.

2. MHOL has completed the research on acceptance and barriers to condom use which showed wide knowledge about AIDS prevention but low use of condoms. This study is expected to provide

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IA. BACKGROUND DATA

Project Title: HIV/AIDS Education and Prevention Project  
 Project Number: 527-0333  
 Date of Authorization: original 09/27/89 amendment No. 1 07/23/92  
 Date of Obligation: original 09/29/89 amendment 04/02/90  
 amendment 09/28/91  
 amendment 06/30/92  
 amendment 01/31/93  
 PACD: original 09/30/92  
 Implementing Agencies: Asociacion Benefica PRISMA  
 Major Contractors: N/A  
 AID Project Manager: Edgar Necochea  
 Status of CPs/Covenants: N/A, Cooperative Agreement (all provisions are on track)  
 Date of Last Evaluation: None Next Evaluation: 11/15/92  
 Planned Number of Non-Federal Audits during Fiscal Year: 1  
 The Number of such Audits Contracted for/Completed: 1  
 Date of Last Audit: 09/30/92 Next Audit: 04/01/93

IB. FINANCIAL DATA

Amount Authorized: DA Grant: original	\$ 500,000	
Amount Obligated: DA Grant: original	\$ 150,000	amended to \$ 300,000 (4/2/90); amended to \$ 368,268 (9/28/91) amended to \$ 500,000 (6/30/92)
Amount Committed:	Period: \$ 121,165	
	Cumulative: \$ 483,598	
Accrued Expenditures:	Period - Projected: \$ 145,000	
	Period - Actual: \$ 50,138	
	Cumulative: \$ 383,475	
	Period - Next: \$ 108,327	
Counterpart Contribution:	Planned: \$ 0	
	Actual: \$ 0	
% LOP Elapsed:	90%	
% of Total Auth. Oblig.	100%	
% of Total Oblig. Exp.	76.69%	
% of Total Auth. Exp.	76.69%	

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:  
 This project supports Strategic Objectives No. 3: Improve health status through access to quality primary health care.

Percent of LOP Funds Relating to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

To reduce the sexual transmission of HIV through interventions designed to encourage risk-reducing behavior changes.

III. PROJECT DESCRIPTION

The project objective is to reduce sexual transmission of HIV through testing, research, education, counseling, the distribution of condoms and other interventions that encourage risk-reducing behavior change. The project is a follow-up to a pilot project (527-0327) and is based on progress achieved and lessons learned from that pilot activity. This project, which is being implemented with technical assistance from AIDSCOM, works with three local institutions: (1) The special Program of the Ministry of Health for control of AIDS (PECOS); (2) The Institute of Tropical Medicine of San Marcos University (PRODICEV); (3) MHOL, a Peruvian homosexual community services organization; and is being implemented by PRISMA, a Peruvian PVO registered with USAID/Peru.

IV. PROJECT STATUS

A. EOPS

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	Decreased HIV incidence among defined cohorts.	Case-finding approach: of 2615 HIV tests performed, 13.4% among homosexuals were seropositive, 9.6% among bisexuals and 0.7% among heterosexuals. (AID Congressional report estimates .3% overall among high risk urban groups).
2.	Established and increased use of confidential HIV antibody testing and counseling service.	3402 consultations
3.	Establishment and increased use of an AIDS hotline service.	2,984 calls

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6. Enhance rural family planning coverage thru PVO/Public Sector collaboration
- 1) Planfami/Puno has established 15 rural community itinerant medical posts. They also accompany outings by Vaso de Leche and other food and community programs utilizing the opportune gatherings to provide family planning information and services.  
 2) Planifam/Cusco provides services in one rural area.

**B. Major Outputs**

	LOP	Planned				Accomplished		
		Period	Cum.	Next Period	Period	Cum.	% of LOP	
1. Use of installed capacity	85%	5%	71%	15%	5%	71%	84%	
2. Self-sufficiency of CBD operating expenses	100%	25%	100%	0	0	0	0	
3. Increase of long lasting methods	10%/yr	5%	30%	10%	-3%	3%	8%	
4. Pub/Priv Sector collaboration in fifty hospitals/centers	50	10	20	10	-6	5	10%	
5. Training	N/A <sup>1</sup>							
5a. Long Term								
5b. Short Term								

**C. Other Accomplishments and Overall Status**

The "Financial Review" of PVOs involved in loss or sale of donated contraceptive supplies has been completed. Recommendations to improve logistic management and financial controls are being implemented. INPPARES whose commercialization of contraceptives was most extensive, is attempting to recover supplies and/or funds from instructors/vendors.

Findings of review have been shared with IPPF/WHR for the evaluation of the matching grant of their affiliate, INPPARES. Meanwhile PRISMA has prepared a comprehensive contraceptive supply agreement and logistics manual for all recipient PVOs which will establish the necessary controls recommended by the "Financial Review".

- PRISMA presented a draft schematic "role" for PVOs in family planning service delivery, given their rather small market share (7% of all f.p. users receive services from PVOs according to DHS). PRISMA's recommended strategy for future PVO participation in family planning service delivery will be presented by December.
- The design and plans for the II National Contraceptive Inventory were prepared in close collaboration with the MOH. Field work was initiated.
- UNFPA has expressed their intention to utilize the PRISMA distribution systems in the future for contraceptives they bring-in to Peru.
- Two well-received sessions on PVO security concerns were carried out by the Mission with participation of the security offices of USAID, Embassy and DINCOTE.
- Planifam/Cusco celebrated its X Anniversary with a workshop for one hundred community leaders, university students, MOH and PVO representative and 3 well attended ferias populares.
- Aside from women being the targeted beneficiaries of this project and predominating in persons trained (see footnote on training) and employed by PVOs (65 - 74%), they are also increasingly occupying administrative positions: Directors - 2 (PRISMA and Planifam/Cusco), Sub-directors - 2 (CENPROF and APROSAMI), Program Director - 1 (INPPARES), Program and Finance Specialists - 2 (PRISMA).

<sup>1</sup>Only in-country, short-term, technical training was planned. No specific targets were established. Training completed thus far is as follows:

	Male	Female	Total
Previous periods	50	61	111
This period	34	130	164
TOTAL	84	191	275

Similar efforts will continue during PY4. See workshops planned Section E.

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IV. PROJECT STATUS

Progress has been made by the PVO through their own efforts and PRISMA's management of funds and T.A. to improve family planning service delivery capability.

A. End of Project Status (EOPS)

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	Improved administration systems	1) Family Planning (FP) Control System for project accounts, service statistics and contraceptive supplies is now being used by all PVOs including INPPARES who has initiated implementation of the service statistics module to compliment the IPPF/WHR TecApro System, as recommended by the IPPF Computer Specialist. 2) PRISMA now centralizes all USAID donated contraceptive supplies and has prepared a separate agreement and logistics manual for recipients of these commodities. 3) Work has begun on an institutional MIS plan that will provide guidance to executive directors regarding additional programs that may be useful for informed decision making.
2.	Improved cost effectiveness of services delivery	PVOs have been experimenting with cost reduction/income generating modalities such as auto-transportation by medical post staff and fee-sharing with MD's. (This differs from past practice of payrolls with high social benefit payments. This should result in 25% longer hours of service and therefore increased productivity and more income generation.
3.	Enhanced financial self-sufficiency	1) PVOs are generating approximately 20% of their total project budgets. 2) Workshop for executive directors to discuss and analyze economic situation vis-a-vis income generation opportunities. 3) Clinical histories are being analyzed in PROFAMILIA to have a better understanding of PVO populations for possible use in determining patient needs, improve quality of care and defining communication messages to enhance market information. 4) Termination of CBD subsidies has been completed as dictated by project design.
4.	Improve the availability of long lasting contraceptive methods	1) Three workshops to improve information for user and counseling for long lasting methods have been conducted with 91 doctors, program coordinators and supervisors trained. 2) In preparing work plans for PY4 - PVOs are offering improved method mix to clients focusing on long lasting methods. 3) A workshop was held to train service personnel in the application of risk rationale that is conducive to use and counseling for long lasting methods.
5.	Maintain support for temporary supply methods and NFP	1) PRISMA continues to deliver contraceptives to all points in the public sector designated by MOH and IPSS and to PVOs. 2) PRISMA personnel supervises the distribution of supplies and visits warehouses to insure adequate stock and appropriate storage. No stock-outs have been reported since PRISMA assumed responsibility for logistics management.

A. EOPS

Planned EOPS

1. Policy changes and reforms proposed/introduced in Peru, especially in those sectors where the informal sector plays a large role.
2. Research findings and proposed policy changes will be widely known in Peru to engender broad public support for the structural reforms.
3. Institutional reform proposals also will be disseminated throughout Latin America and the Caribbean and worldwide, if interest is demonstrated and resources permit.
4. ILD will be institutionally strengthened and will attain sustainability.

Progress To Date

The Institute has set the tone and the agenda of the political debate in Peru, particularly since the April 5th quasi-coup. The suspension of the Constitution led the ILD to generate public debate and opinion on a number of proposals for constitutional and electoral system reform that would help the country move towards a stable and sustainable democratic and free market system.

ILD proposals have been taken up by many of the electoral contenders in the November 22 election and they figure predominantly in their platforms. Moreover, ILD proposals now enjoy considerable public opinion support. Independent surveys rank the ILD as one of the most influential organizations in Peru.

The Institute's ongoing project in El Salvador recently met with additional success when the Salvadoran Government made the decision to adopt Property Registry methods and techniques as the standard for all national registries. As a result, other Central American governments have approached the ILD and shown their interest in collaborating with the Institute in establishing similar registration systems. In recognition of the ILD's contribution in this respect, the World Bank has recently awarded the ILD a substantial grant to pursue research in property titling and registration systems.

ILD has submitted 14 proposals to other prospective donors for grants to finance additional research activities and national promotion campaigns. Accounting and financial systems for institutional strengthening are following recommendations suggested in the Threshold Evaluation of March 1992.

B. Major Outputs

ILD research and implementation activities have been concentrated in the following areas:

1. Democratic Institutions

a. Democratization of Government Decision (DDG)

All efforts undertaken to expand the DDG system into regional governments have been suspended since April 5, 1992. Activities were concentrated on actions to encourage citizens' participation in the reestablishment of the new constitutional order. The ILD was one of the first institutions to publicly oppose the GOP's suspension of constitutional rule. The Institute presented an analysis of the situation and its position with respect to the suspension of constitutional order in Peru. Since the international community response to the quasi-coup was severe, affecting the country's reinsertion into the international financial community and exposing Peru to drastic economic sanctions from the OAS, Peruvian high-level government authorities requested ILD's support for the return to the democracy based on a scheme of greater citizens' participation. ILD staff had coordinating meetings with the President of Peru and the Ministry of Economy. ILD consulted with international experts and, based on its studies, research and former proposals on citizen participation, prepared a set of documents designing a viable way for the return to democratic rule. These documents included the traditional mechanism of DDG, studies on popular initiative and referendum, and the convocation to the Democratic Constitutional Congress (CCD). These proposals were delivered to and discussed with President Fujimori. On May 18, President Fujimori stated at the OAS meeting in Nassau that the Government of Peru would establish the mechanisms of citizens' participation and the return to the democracy will take place with the elections of the newly created CCD.

b. Administrative Simplification

Activities have been suspended until the reestablishment of the new constitutional order. ILD had pending agreements with regional governments in the area of the unified business registry. ILD submitted a final report on the diagnostic stage of the ILD-COHEP (Consejo Hondureño de la Empresa Privada) Agreement on administrative simplification. ILD staff produced an analysis of the economic impact of the Unified Business Registry (UBR). The UBR has been implemented in Lima and other regions where sufficient management has been assumed by local authorities. Future activities in the area of administrative simplification will be undertaken under the program called "Democratic Institutions".

2. Property Rights (PR)

Activities were oriented to achieve the technical and financial consolidation of the Property Registry in Lima. ILD staff met with Government representatives in order to avoid the Property Registry's closure and its absorption into the National Registry (ONARP). The development of documents and the negotiations with government representatives have presented the possibility of the inclusion of its principles and procedures into an obsolete system. The ILD signed an

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**IA. BACKGROUND DATA**

Project Title: Private Sector Institutional Reform Project  
 Project Number: 598-0772  
 Date of Authorization: original 03/01/89 amendment 06/22/90; 04/18/91  
 Date of Obligation: original 03/02/89; amendment 04/10/90; 09/29/90; 06/12/91;  
 amendment 08/27/91; 08/25/92  
 amendment 02/28/95  
 PACD: original 02/28/94  
 Implementing Agencies: Institute for Liberty and Democracy (ILD)  
 Major Contractors: None  
 AID Project Manager: Alfredo Larrabure  
 Status of CPs/Covenants: CPs: satisfied Covenants: on track  
 Covenants: on track  
 Date of Last Evaluation: 03/92 Next Evaluation: 10/94  
 Planned Number of Non-Federal Audits during Fiscal Year: 1  
 The Number of such Audits Contracted for/Completed: 1  
 Date of Last Audit: 12/31/91 Next Audit: 12/31/92

**IB. FINANCIAL DATA**

Amount Authorized:	DA/ESF Grant: original	\$10,000,000	amended to \$11,288,543
Amount Obligated:	DA/ESF Grant: original	\$ 1,800,000	amended to \$ 8,275,543
Amount Committed:	Period:	\$ 1,646,152	
	Cumulative:	\$ 7,474,455	
Accrued Expenditures:	Period - Projected:	\$ 1,000,000	
	Period - Actual:	\$ 673,777	
	Cumulative:	\$ 6,242,370	
	Period - Next:	\$ 940,000	
Counterpart Contribution:	Planned:	\$ 8,830,000	(LOP)
(Other Donors)	Actual:	\$ 3,007,000	(cash/in kind)
% LOP Elapsed:		<u>58.98%</u>	
% of Total Auth. Oblig.		<u>72.86%</u>	
% of Total Oblig. Exp.		<u>75.89%</u>	
% of Total Auth. Exp.		<u>55.29%</u>	

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives: This project supports strategic objective No.4; encourage strong democratic institutions that reinforce economic freedom. It also supports Strategic Objective No. 2: Reactivated labor intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agricultural sectors; and Strategic Objective No. 5: replace coca-based employment and foreign exchange earnings with legal alternatives

Percent of LOP Funds Relating to Strategic Objectives: No.4 80%  
 No.2 10%  
 No.5 10%

**IIB. PROJECT PURPOSE**

To support ILD in the continuation of its research program on public policy institutional reform in Peru and on expanding this program, through training and the establishment of an international network, to other countries in the LAC region and in other regions, if interest is demonstrated and resources made available.

**III. PROJECT DESCRIPTION**

The Project will attain its objectives of economic and institutional reform and ILD institutional strengthening through:

- implementation and dissemination of a major research program on reforms for increased economic competition and the promotion of free markets, including the study of the informal sectors;
- development of an outreach program that will assist ILD in expanding its international linkages;
- a regional training program; and,
- an International Coordinator.

**IV. PROJECT STATUS**

ILD activities approved for Year 4 (April 1, 1992-March 31, 1993) were restructured due to the GOP's suspension of constitutional rule since April 5 and diminished due to the second terrorist attack against ILD headquarters on July 20. The suspension of Congress and Regional Governments seriously affected the activities of the Institute, which at the moment was negotiating Technical Agreements for the implementation of Democratization of Government Decision (DDG), Administrative Simplification and Property Rights Programs. The second terrorist attack to the Institute's headquarters provoked a substantial reduction of the Institute's activities, a reorganization of the Institute's personnel (reduction by 40%), and a search for a new location, since the current one does not offer adequate security for its staff. The ILD has submitted a modified program which addressed issues of the citizens' participation under the new political environment. This program also focuses on the strengthening of its research and implementation activities in the Property Rights area. The modified work plan also includes intensive international activities to expand ILD's outreach and to look for other sources of financing. The modified work plan was approved and ILD programs are underway as described in the modified work plan.

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2. The ILD Annual International Conference will take place in February 1993. ILD is also programming a special conference for the Ambassadors of the European Economic Community and another presentation for the United Nations Development Program meeting which will be held in Lima. All these presentations aim to expand ILD's research nationally and internationally, and expand its capacity to achieve financial self-sufficiency.
3. The issue of the relocation of the Institute will be fully addressed during the month of November 1992.
4. A draft article for possible inclusion in the Front Lines will be submitted.

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agreement with the World Bank for the financing of materials and equipment for the consolidation of the Property Registry in Lima. In the international sphere, this program achieved set goals with the project in El Salvador. In August 1992, President Cristiani inaugurated the "Registro Social de Inmuebles" with the handing over of titles in the Comunidad "El Campito", formerly one of the guerrilla strongholds.

C. Other Accomplishments and Overall Status

1. After the GOP's suspension of constitutional rule on April 5 which caused severe damage to the country's reinsertion to the international financial community, the ILD President contributed to the reconciliation between the GOP and the international financial community and, at the request of the President of Peru, through guidance on the democratization of government decisions and the usage of mechanisms for increased citizens' participation in the new democratic setting.
2. An agreement for \$587,000 was signed with the World Bank to support the remodeling of the Property Registry Offices in Lima. Since 1990, due to the current government's austerity measures, a very small allocation was provided for this registry to operate and use the simplified procedures for property registry of the marginal areas of Lima.
3. Mr. Hernando de Soto, President of the ILD, was invited to testify before a hearing of the Joint Economic Committee of the Congress of the United States on "United States-Latin American Relations" on April 29, 1992. He also testified before the Committee on Foreign Relations on April 28.
4. The Pan American Development Foundation in Miami, Florida, hosted a conference at which Mr. de Soto was the keynote speaker. During the ceremony Mr. de Soto received the PADE Award in recognition of the work of the ILD in empowering the poor of the developing world.
5. The Institute's international recognition is also reflected by growing media coverage. CNN and PBS recently carried interviews and reports on the Institute's work and research. PBS featured Mr. de Soto as the main guest on "World in Focus" along with Ms. Susan Kaufman Purcel and Mr. Bernard Aronson.
6. The Peruvian National Institute of Statistics's publication "Peru: Statistics of the Informal Sector" devotes a whole chapter to information and statistics generated by the ILD concerning the informal sector.
7. A report on gender considerations in ILD's program was completed and sent to the Washington WID office in June 1992. Program recommendations are being considered in future ILD research. Two of its three major programs are headed by women and half of the ILD staff are women.

D. Problems and Delays

The GOP's suspension of constitutional rule severely affected ILD's implementation of programs in the different regions and municipalities throughout the country. ILD reacted to this interruption of the constitutional order by very actively participating in the reestablishment of democracy in Peru. ILD's perception of unclear government commitment to true democratic reforms has caused ILD to reduce its commitment to act as a primary actor in the democratization process on behalf of the GOP. Therefore, most ILD activities have been reduced to the research area. A modified work plan was approved for Year 4 activities. These activities not only reinforce the research and advocacy role in the Peruvian context, but also dedicate great effort to an expansion of ILD's research activities internationally.

On July 20, 1992, a major terrorist attack caused severe damage to the ILD headquarters. Several people were killed and most of its buildings were destroyed. To date, the ILD has not been able to reconstruct what was damaged. A request was developed for the Institute's relocation of its headquarters. However, they have not formally submitted the relocation proposal yet.

A major Threshold Evaluation (March 1992) recommendation suggested the establishment of an international affiliate of the ILD for a substantial expansion of its international operations. Although there has been a commitment by the Institute to aggressively expand internationally, the creation of this affiliate has been suspended due to the April 5 events and to the second terrorist attack on its headquarters. Nevertheless, ILD management contemplates increased international operations and future establishment of an international affiliate.

Other actions required by the Threshold Evaluation related to audit issues. USAID staff met with the ILD Controller to accelerate the submission of audit reports. The Institute now punctually submits its quarterly unaudited financial statements as set forth as a Cooperative Agreement covenant. However, there is still a delay in the submission of final annual audit reports. The 1990 audit report was received on October 23, 1992. The 1991 audit report is expected to be completed by December 1992.

The results of a financial audit of the Institutional Research and Reform Activities Project, USAID/Peru Project No. 527-0298, managed by the ILD for the period June 20, 1985 to March 31, 1989 recommended that USAID/Peru resolve the questionable costs of \$1,772,729 (\$4,389 questioned and \$1,768,340 unsupported) identified in the audit report dated June 1, 1992. The report was discussed with ILD management and the Institute also provided written comments which questioned the validity of the costs questioned. Mission is in the process of reviewing that documentation. Final comments will be sent to RIG/Honduras.

E. Major Activities or Corrective Actions During the Next Six Months

1. ILD will be selecting a new auditing firm for 1992-1993 audits. The 1992 audit exercise is expected to start by December 1992.

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**STRATEGIC**

**OBJECTIVE 4**

8. On-going project activities continued:

- Six "ferias populares" were held in Ventanilla, Cusco, Trujillo and Lima (Plazas Manco Capac and Tupac Amaru and Parque Las Leyendas).
- Various committees meet to review PVO activities in their respective agencies and fields to exchange ideas and experiences:
  - Administrative
  - Coordination
  - IEC
  - Training
  - Service Statistics
- Seven workshops conducted, including:
  - Design of protocols for IUD insertion and extraction for MDs
  - Counseling techniques for supervisors
  - Application of Risk Rationale for VSC for MD's, RN's and Midwives
  - Orientation of Family Planning community programs supervisors
  - Design, development and use of training materials for EXPERIENCES personnel.

D. Problems and Delays

1. PVOs have not been able to produce the income which would in turn replace the budget cuts programmed by the project. They, therefore, have not been able to expand and increase services and productivity. Budgetary reductions unreplaced by income generated have made it impossible to raise salaries and has resulted in personnel departures due to poor wages.
2. Low achievement of user targets established in project design, relates to apparent overreporting of baseline statistics in the first year of the project and inability of users to pay for services in the existing recessional economic situation.

E. Major Activities or Corrective Actions During the Next Six Months

- A. Recommendations for the "Financial Review" will be completed. PRISMA and INPPARES personnel will travel to San Salvador for training on TecApro (IPPF MIS) to establish more compatible logistics control systems.  
  
Meanwhile, the long delayed trip of the IPPF team of experts to evaluate the progress made in the implementation of the Price Waterhouse Management Audit of INPPARES is planned for December.
- B. PVOs will be closely monitored to determine their achievement of user and income generation targets established in workplans for PY4.
- C. PRISMA in collaboration with, and TA from APROPO, will design a marketing plan for PVOs to enhance their income generation achievements.
- D. Peru CPTs will be reviewed in the light of the II National Contraceptive Inventory. Following this review, contraceptive supplies requested for Peru will be reviewed and adjusted according to the findings of the Inventory.
- E. A major effort will be made to re-equip the PVOs to assist in improving quality of care.
- F. Various activities and events are planned during the next period:
  1. Four workshops will be conducted:
    - Removing medical barriers to F.P.
    - Marketing techniques for supervisors and promoters
    - Encourage OR by PVOs to improve service delivery
    - VSC counseling for MD's
  2. PVO service delivery points will be better marked by signs.
  3. Ferias populares will continue as a means of offering family planning information and services.
- G. The definition of the role of the PVOs in Peru's population program is an important strategic exercise to understand how PVOs can better serve larger numbers of Peru's population. Also, the design of the marketing plan and close assessment of its impact will be a value tool to determine potential of PVOs for income generation from delivery of services.

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The nature of their requests added to their inaccessibility to governmental programs, makes them candidates without option for other sources of funding. In this sense, USAID/Peru has contributed significantly to support worthwhile and sustainable activities which otherwise would have remained unfunded.

A total of 814 small projects, at an average of approximately \$5,000 per project, were implemented under the SDAF program during the period 1963 - 1991.

IV. PROJECT STATUS

Sixteen small projects were approved through the current FY 91 Cooperative Agreement with Fe y Alegría. Activities funded include the following: equipment for carpentry, sewing workshops for Fe y Alegría Schools as well as for other public schools located in Lima and provinces; employment generation initiatives in the area of bakery production, laundry-business and sewing workshops, among others; social-developmental activities in the areas of community sanitation and educational promotion.

Most of the educational activities supported have a direct impact in the improvement of the occupational skills of the women beneficiaries under these projects.

A. EOPS

Planned EOPS

Progress to Date

1. To support Fe y Alegría's continued efforts to promote community-based initiatives in the areas of vocational training for production and small developmental activities in both marginally urban and rural areas of Peru.

A total of sixteen small projects were approved for low-income communities in target areas. Fe y Alegría channelled the total FY 1992 \$100,000 to these communities.

2. Approximately twelve to fourteen small projects in low-income areas will be implemented at a national level (average cost per project approximately \$8,333).

B. Status of Major Outputs, Activities and/or Corrective Actions for the Period

During the reporting period a total of seven small grants totalling \$49,100 were awarded through Fe y Alegría to low-income communities and educational centers in Lima's Pueblos Jóvenes of Chosica, Barranca and Tacna. The Mission Selection Committee met with Fe y Alegría counterparts to evaluate all the requests submitted by low-income groups for the SDAF program and approved those which met the program requirements.

Fe y Alegría's performance and support to USAID/Peru in the implementation of the Mission SDAF activities deserve special recognition. This organization devoted considerable time to the pre-screening of proposals, interviewing of potential candidates, and monitoring of ongoing projects at no additional cost for USAID/Peru, and with its traditional efficiency and professionalism.

C. Other Accomplishments

All FY 91 activities have been implemented as scheduled. The sixteen small grants were submitted for approval as originally planned.

All small projects have complied fully with the selection criteria set forth in the FY 91 Cooperative Agreement.

Inauguration ceremonies attended by the U.S. Ambassador and his wife, and Mission Director were organized by Fe y Alegría in different low-income settlements to recognize the friendship ties between the people of the U.S. and the people of Peru. Plaques with the U.S. and Peru emblems were delivered for those projects implemented through the FY 90 Fe y Alegría Cooperative Agreement.

D. Problems and Delays

- No significant problems and delays have been identified during the reporting period under the FY 91 SDAF program. Minor delays have occurred, however, in the submission of pending liquidations which correspond to marginal communities threatened by terrorist organizations.

- Fe y Alegría has been a registered PVO throughout the past eight years. However, its current registration status is under review because Fe y Alegría has not had an institutional audit performed, a key requirement to keep its registration status. This is the only technicality that has not been met by this PVO because of its limited financial resources. Currently, Fe y Alegría is seeking support from other sources to comply with this A.I.D. registration requirement.

- The definition of Mission strategy for the future implementation of the SDAF program is a key task to be accomplished. By June 1992, the Mission SDAF Program was transferred to the PVO Umbrella Support Project in the Office of Food of Agriculture. However, in November 1992 the decision was made to return project management responsibilities to the Training Division under the Office of Democratic Initiatives and Training. A Mission Committee was established in mid November to examine the previous program, its criteria for project selection, and the method of implementation.

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**IA. BACKGROUND DATA**

Project Title: Special Development Activities Fund (SDAF)  
Project Number: 527 - 0061  
Date of Authorization: original 06/01/63  
Date of Obligation: original 06/01/63 amendment Amended annually since 1963  
PACD: original 09/30/86 amendment 02/28/93  
Implementing Agencies: 1. Various Agencies (FY 63 - FY 89)  
2. Fe y Alegria (FY 90 - FY 91)  
Major Contractors: N/A  
AID Project Manager: Veronica de Ferrero, Chief, Training Division  
Status of CPs/Convenants: N/A, Cooperative Agreement (All provisions on track)  
Date of Last Evaluation: 1984 Next Evaluation: Anticipated 01/94  
Planned Number of Non-Federal Audits during Fiscal Year: one  
The Number of such Audits Contracted for/Completed: none  
Date of Last Audit: None Next Audit: 3/93

**IB. FINANCIAL DATA**

Amount Authorized:	DA/ESF Grant: original	\$ 2,163,438
Amount Obligated:	DA/ESF Grant: original	\$ 2,163,438
Amount Committed:	Period:	\$
	Cumulative:	\$ 100,000
Accrued Expenditures:	Period - Projected:	\$ 49,000
	Period - Actual:	\$ 61,246
	Cumulative:	\$ 2,123,438
	Period - Next:	\$ 40,000
Counterpart		
Contribution:	Planned:	\$ 56,000 (in kind/cash)
	Actual:	\$ 48,000
% LOP Elapsed:		80.22%
% of Total Auth. Oblig.		100%
% of Total Oblig. Exp.		98.15%
% of Total Auth. Exp.		98.15%

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives:

This project supports Strategic Objective No. 4: Encourage strong democratic institutions that reinforce economic freedom.

Percent of LOP Funds Relating to Strategic Objectives: 100%

**IIB. PROJECT PURPOSE**

The SDAF is an ongoing, multi-year project that started in June 1963 and has continued with annual obligations of \$50,000 (FY 64 to FY 80), and \$100,000 thereafter. The SDAF was originally designed to permit USAID to finance quickly and with a minimum of procedural red tape small constructive activities which would have immediate impact in the country. Since 1963 and until 1989, the SDAF program was managed directly by the Mission staff through direct grant agreements with community-based organizations and/or intermediary organizations, working directly with grass-roots organizations nationwide. Beginning in FY 90, the SDAF program has been managed through Cooperative Agreements with Fe y Alegria, a leading Peruvian PVO engaged in vocational training programs and community development initiatives at a national level. Through its vocational training programs, Fe y Alegria has developed a critically important non-formal education strategy with optimum results not only in employment generation but also in providing youth and women from marginal areas the required technical background to compete for steady employment.

In accordance with project documents, activities to be funded by the SDAF program should generally be small, worthy, high-impact types which are aimed at improving the socio-economic status of the poorest majorities.

**III. PROJECT DESCRIPTION**

The FY 91 SDAF program, currently underway through the second Cooperative Agreement with Fe y Alegria, provides \$100,000 nationwide to support self-help initiatives submitted by low-income communities and grassroots organizations actively engaged in the improvement of their living standards. Activities funded include, among others, vocational training and training for production programs in the areas of shoe-making, electricity, carpentry, etc. as well as small developmental activities in key social services areas.

The current Cooperative Agreement with Fe y Alegria to manage the FY 91 SDAF resources was signed on August 28, 1991 with a terminal date of February 1993. This SDAF program is supporting Fe y Alegria's and the Mission's efforts to promote community-based initiatives in both urban and rural areas of Peru. Fe y Alegria submits each separate sub-activity to USAID for its review and approval. As per the relevant Mission Manual Order, there are two major areas in which the SDAF program should be concentrated: a) constructive activities and those which address the overall socio-economic well being of the poorest majorities (Manual Order 123.1.1.); and b) income-generating activities.

Since 1961, the SDAF program has been an essential mechanism to finance small developmental activities which can have an immediate impact in the beneficiary communities. It has been successful in the enhancement of community cohesiveness since the self-help component is an integral part of project design and implementation. Additionally, communities seeking A.I.D. support through the SDAF program generally do not have any other alternative for funding.

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**IA. BACKGROUND DATA**

Project Title: Administration of Justice (AOJ)  
 Project Number: 527-0303  
 Date of Authorization: original 06/24/86 amendment 09/29/92  
 Date of Obligation: original 06/25/86 amendment 09/30/92  
 PACD: original 12/31/87 amendment 12/31/93  
 Implementing Agencies: Ministry of Justice (MJ), Public Ministry (PM),  
 Judicial Branch (JB)  
 Major Contractors: None  
 AID Project Manager: Edith Houston  
 Status of CPs/Covenants: CPs: satisfied or on track; Covenants on track  
 Date of Last Evaluation: 06/30/90 Next Evaluation: 03/31/93  
 Planned Number of Non-Federal Audits during Fiscal Year: 1  
 The Number of such Audits Contracted for/Completed: 1  
 Date of Last Audit: 12/31/90 Next Audit: 12/31/93

**IB. FINANCIAL DATA**

Amount Authorized:	DA/ESF Grant: original	\$ 1,000,000	amended to \$ 4,010,000
Amount Obligated:	DA/ESF Grant: original	\$ 1,000,000	amended to \$ 3,510,000*
Amount Committed:	Period:	\$ (222,108)	
	Cumulative:	\$ 2,154,097	
Accrued Expenditures:	Period - Projected:	\$ 59,000	
	Period - Actual:	\$ 86,870	
	Cumulative:	\$ 2,088,100	
	Period - Next:	\$ 600,000	
Counterpart Contribution:	Planned:	\$ 2,500,000	in cash
	Actual:	\$ 1,348,000	
% LOP Elapsed:		83.33%	
% of Total Auth. Oblig.		87.53%	
% of Total Oblig. Exp.		59.77%	
% of Total Auth. Exp.		52.32%	

\* Plus \$500,000 obligated through State/ARA to Department of Justice/ICITAP

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives: This Project supports Strategic Objective No. 4: Encourage strong democratic institutions that reinforce economic freedom. It also supports Strategic Objective No. 5: Replace coca-based employment and foreign exchange earnings with legal alternatives.

Percent of LOP Funds Relating to Strategic Objectives:	No. 4	80%
	No. 5	20%
		100%

**IIB. PROJECT PURPOSE**

To support the GOP in developing programs to improve administrative, technical and legal performance of the principal institutions within Peru's judicial sector with particular, but not exclusive, emphasis on the area of criminal justice.

**III. PROJECT DESCRIPTION**

The project identifies and fosters local efforts to improve: the prosecution of cases in a just and timely manner, the professional standards for judges and prosecutors, the organization and management of judicial personnel, administrative planning and budgeting skills and system capacity, and, more generally, to inspire trust in judicial institutions and the rule of law.

**IV. PROJECT STATUS**

Following the GOP's suspension of constitutional rule on April 5, all AOJ Project activities were suspended until September, when a number of Mission-imposed conditions had been met. During this period, a major effort in project reprogramming was undertaken, which culminated in the signing of Grant Agreement Amendment Number 4 on September 30. As a result, 1) the PACD has been extended an additional year, to December 31, 1993, 2) \$660,000 in additional grant funds have been obligated, 3) Project design has been simplified, being reduced from 23 subprojects to 4 activities, and 4) Project implementation responsibilities, previously held by the 3 GOP institutions cited above, were transferred to USAID.

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

E. Major Activities During the Next Six Months

Fe y Alegria reported that an audit was performed by Deloitte, Haskins and Sells for Fe y Alegria's activities funded by the International Foundation for Education/Self-Help (November 90-September 91).

- PDS funds will be requested to defray the audit costs of the two-year Cooperative Agreement with Fe y Alegria.
- Final liquidation in the amount of \$40,000 will be submitted by Fe y Alegria and a final close-out report by the PACD February 1993 of this Cooperative Agreement.
- Mission SDAF Working Committee will define the criteria and strategy for future Mission SDAF Program.

**PROJECT STATUS REPORT**  
**April 1, 1992 - September 30, 1992**

**B. Major Outputs**

	<u>Planned</u>				<u>Accomplished</u>			
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP	
<b><u>MINISTRY OF JUSTICE</u></b>								
1.	Number of legal aid offices	18	0	31	0	0	31	172%
2.	Number of users at enhanced legal library	3,000	500	1,500	500	500	1,500	50%
3.	Number of volumes at enhanced legal library	1,000	50	550	300	50	550	55%
<b><u>PUBLIC MINISTRY</u></b>								
4.*	Development and use of operational manuals for application of new Criminal Procedure Code	100%	0	20%	30%	0	20%	20%
5.	National Registry of Detainees Established	100%	20%	50%	30%	20%	50%	50%
6.	Number of cases resolved by the Human Rights Special Prosecutor's Office							
7.**	Number of prosecutors trained	950	60	905	120	60	965	102%
8.**	Number of courses	40	3	68	6	3	68	170%
9.	Percentage of Prosecutors' Offices with manual Case Tracking System	100%	20%	80%	20%	20%	80%	80%
<b><u>JUDICIAL BRANCH</u></b>								
10.*	Development and use of operational manuals for application of new Criminal Procedure Code	100%	0	20%	30%	0	20%	20%
11.**	Number of judges trained in academic courses	600	30	405	120	30	405	67.5%
12.	Number of courts implementing manual Case Tracking System	40	0	10	30	0	10	25%
13.	Financial and personnel systems designed and implemented	100%	0	100%	0	0	100%	100%
<b><u>NATIONAL POLICE</u></b>								
14.*	Development and use of operational manuals for application of new Criminal Procedure Code	100%	0	20%	30%	0	20%	20%

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PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

A. EOPS

Three EOPS (indicated below by a (\*)) will not be carried forward into the following period. Two others, reflecting activities reprogrammed under GAA #4, will be added.

<u>Planned EOPS</u>	<u>Progress To Date</u>
1. High priority areas have been selected for continued action and the most effective strategies and methodologies have been defined.	The selected priority areas are: (1) public legal services; (2) management and legal information systems; (3) professional and administrative training; and (4) human rights-related activities.
2. Each institution's administrative information system has been streamlined and basic data have been consolidated and computerized.	A management information system having judicial statistics, case-flow management, and personnel management components was successfully tested in ten model courts in the Judicial Palace in Lima. This pilot activity was never implemented throughout the 51 additional courts, however.
3. A computerized database system for judicial statistics has been partially implemented and detailed plans elaborated for its completion.	A statistics system has been developed for the Judicial Branch under the "court management activity" to measure, inter alia, output, court pressure points, and time standards.
4. A computerized index for all legislation has been designed and partially implemented.	The Judicial Sector Assessment has recommended that small legal libraries be installed as more economical and accessible alternatives to a computerized index.
5. There are ongoing training programs for sector personnel and each institution has developed a medium term training plan based on an assessment of training needs and its experience with courses financed by the Project.	Permanent training programs have been created in the Judicial Branch and the Public Ministry. Curriculum development and programs to train prosecutors and judges are being refined on the basis of the experience acquired from each implemented course.
6.* Eighteen legal services offices are in full operation, five of them in the provinces. Their activities are centrally monitored, a plan exists for further expansion of the program, and training of staff is ongoing.	Target met. 24 offices are operating in poor urban areas of metropolitan Lima and 7 are operating in similar areas of the provinces.
7. Office equipment has been provided to provincial courts and public prosecutors' offices in accordance with plans for up-grading material resources.	Office equipment and furniture for public prosecutors' offices of the provinces has been purchased and installed. The equipment purchased for the Judicial Training Academy of the Judicial Branch has been installed. The Training Academy of the Public Ministry was inaugurated with equipment and furniture purchased under the Project.  The Legal Aid Offices received a complete set of furniture in order to set up their offices in provinces and in poor urban areas of metropolitan Lima.
8. Wide support for the program has been generated within the GOP and society at large. One concrete indicator is relative increase in the budgets of the Judicial Branch and Public Ministry.	In 1991, for the first time, the Judicial Branch received the allocation of 2% of the GOP budget (as established in the Constitution). However, the administrative office for planning and budgeting in the Judicial Branch is not prepared to effectively manage such a volume of resources.
9.* There is a completed sector assessment providing baseline data and a full analysis of sector problems.	Target met. The Catholic University and ESAN have carried out the Judicial Sector Assessment. A team of experts from these two institutions provided an assessment focused mainly on three components (1) criminal judicial process; (2) court organization and administration; and (3) judicial information management system needs, although it did not provide baseline data.
10.* A National Commission for the strengthening of the Peruvian Justice system is fully functioning as a policy-making body for the sector.	National Commission functioned very poorly during first year of Project and was subsequently disbanded.

**IA. BACKGROUND DATA**

Project Title: Peruvian Peace Scholarship Program (PPS)  
Project Number: 527-0340  
Date of Authorization: original 5/30/91  
Date of Obligation: original 9/30/92  
PACD: original 9/30/97  
Implementing Agencies: National Association of the Partners of the Americas (NAPA)  
Major Contractors: National Association of the Partners of the Americas (NAPA)  
AID Project Manager: Veronica de Ferrero, Chief Training Division  
Status of CPs/Covenants: N/A - Contract (All provisions on track)  
Date of Last Evaluation: N/A Next Evaluation: 3/26/95  
Planned Number of Non-Federal Audits during Fiscal Year: FA/OP Responsibility  
The Number of such Audits Contracted for/Completed: N/A  
Date of Last Audit: N/A Next Audit:

**IB. FINANCIAL DATA**

Amount Authorized:	DA/ESF Grant:	original	\$	6,800,000
Amount Obligated:	DA/ESF Grant:	original	\$	1,842,668
Amount Committed:	Period:		\$	1,842,668
	Cumulative:		\$	1,842,668
Accrued Expenditures:	Period - Projected:		\$	N/A
	Period - Actual:		\$	N/A
	Cumulative:		\$	N/A
	Period - Next:		\$	173,837
Counterpart Contribution:	Planned:		\$	260,600 (in cash)
	Actual:		\$	N/A
% LOP Elapsed:				00%
% of Total Auth. Oblig.				27.09%
% of Total Oblig. Exp.				00%
% of Total Auth. Exp.				00%

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives:

This project supports Strategic Objective No. 4: Encourage strong democratic institutions that reinforce economic freedom.

Percent of LOP Funds Relating to Strategic Objectives: 100%

**IIB. PROJECT PURPOSE**

The objective of the PPS is to train a variety of leaders and potential leaders from fields judged as critical to the socio-economic development of Peru, thereby ensuring the technical skills and leadership abilities needed for the progressive, balanced and pluralistic development of Peru, and, to strengthen mutual understanding of the workings of a free enterprise economy in a democratic society. By addressing this goal, the PPS objective is to increase the number of trained individuals from the socially and economically disadvantaged groups of the key sectors identified for training through the Mission's Social Institutional Framework (SIF) analysis. The SIF is the analytical basis for the Mission's strategy to achieve the PPS objectives at the local and regional level.

**III. PROJECT DESCRIPTION**

The planned major outputs and activities are:

- 1) To provide training activities in the US to emerging new leaders selected from the key development sectors identified by the SIF: a) agriculture, b) education, c) governance/community policy, d) judicial, and e) mass communications. These training opportunities will be geared to provide present and future Peruvian leaders with specialized training and practical experience in a diversity of technical areas, and to provide them with an exposure to the values and mechanisms of democratic pluralism through "Experience America" activities. The training to be provided will make a substantive contribution to the PPS scholar's ability to exercise significant leadership at the community and regional levels.
- 2) A total of 302 participants will have been trained under the PPS Project by the end of January 1997. Training in the U.S. will range from academic and technical studies at Community Colleges and Universities to observation trips and hands-on participatory experiences to enable the participants to bring about change in their communities.
- 3) In accordance with AID/W CLASP policy and as stipulated in NAPA's contract, a minimum of 70% of the participants will be socially and/or economically disadvantaged; 40% will be women.
- 4) At least 20% of the participants will attend long-term training programs (i.e. more than nine months) and a minimum of 10% will attend programs at Historically Black Colleges and Universities (HBCU's). Approximately 204 participants will attend short-term training programs.
- 5) The USAID/Peru Social Institutional Framework (SIF) approved by AID/W will be used to

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

15. National Registry of Detainees Established	100%	20%	50%	30%	20%	50%	50%
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- \* ICITAP program, financed through AOJ, has major input in these activities.
- \*\* Activities for the period April 1, 1992 - September 30, 1992 financed with PL-480 local currency.

C. Other Accomplishments and Overall Status

The major achievements of the Project until now are the following: 1) establishment of 31 Legal Aid Offices in the country; 2) creation of two Training Academies, one for Judges and one for Prosecutors, with training courses attended by more than 965 Prosecutors and 405 Judges; 3) design and application of pilot projects for case tracking and information systems for judges and prosecutors; 4) establishment of a National Registry of Detainees (in conjunction with PD&S-funded program with ILANUD); 5) completion of a number of specialized studies, including a major Judicial Sector Assessment conducted in 1991, that present specific proposals for judicial reform.

Women in Development: Fully 70 percent of the public prosecutors in the Project's most important beneficiary, the Public Ministry, are women. This includes the Attorney General, the highest-ranking woman in the GOP at the present time. Also, the recently-named Vice Minister of Justice is a woman.

D. Problems and Delays

Following the GOP's suspension of constitutional rule on April 5, all AOJ Project activities were suspended until September, when a number of Mission-imposed conditions had been met.

Outstanding advances to recipient institutions and the Coordinating Office have not been completely liquidated. The 1989-90 audit, reported to the IG in 6/92, was never adequately completed due to a prolonged strike in the judicial sector and the consequent inaccessibility of project documents, and thus the IG recommended that the three implementing agencies return all funds provided during those years.

No impact foreseen with respect to "US job export" problems.

E. Major Activities or Corrective Actions During the Next Six Months

Following the signing of Grant Agreement Amendment No. 4 on September 30, the USAID AOJ Project office has full implementation responsibilities, with the appropriate GOP concurrences. Project officers anticipate that this important change will greatly increase project implementation levels. On October 30, for example, USAID signed a contract with ESAN, in excess of \$150,000, to completely reorganize the Public Ministry. Project officers anticipate signing another major contract in the near future to provide assistance in the development of Peru's special prosecutorial system.

Liquidation of advances to recipient institutions and the Coordinating Office is being pursued, and completion is expected before end of 1992. The IG has recently received a memo from the Mission reporting that all necessary documents are available for inspection; consequently, the audit is expected to be completed this period.

The status of all Conditions Precedent and Covenants will be addressed in a Project Implementation Letter now in draft form.

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

awarded 400 scholarships for short-term and long-term training in the United States. The Mission exceeded the CLASP goal of 70% economically disadvantaged Trainees by awarding 84% of scholarships to Trainees identified as socially or economically disadvantaged. USAID/Peru also surpassed the CLASP target of 40% women with the award of 223 (56%) of its scholarships to women. The final evaluation report prepared by Aguirre International documented USAID/Peru's successful achievements through the APSP. Particular recognition was given by LAC/DR/EHR for USAID/Peru's great strides in reinforcing the positive effects of this investment in the education and training of those individuals through the establishment of an active and innovative Follow-On Program.

These accomplishments provide a broad base of experience for the successful implementation of the PPS Project.

2. Current Status:

The U.S. based NAPA Project Director plans to travel to Peru in early December to start the local office activities, meet with USAID Officers to define the overall training and implementation plans, and sign the contracts for the local office staff. Specific activities are expected to commence in January, 1993.

D. Problems and Delays

The 5th of April political events, consequent USG sanctions, and major contracting delays precluded the timely commencement of the Project.

E. Major Activities or Corrective Actions During the Next Six Months

1. The NAPA Project Director will visit Lima to hold working sessions with USAID to discuss the overall implementation plan for the PPS Project, define lines of communication, and develop operational plans for both the U.S. and local office as part of their overall program strategy.
2. Subsequent to staff recruitment, meetings will be held with the local office staff to review and discuss the training plans and objectives to be accomplished by the PPS Project and define the operational procedures.
3. Systems and procedures will be established for the efficient management and reporting of the PPS activities.
4. NAPA will submit its first year operational plan and other required documents in accordance with their contract.

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

refine the Mission's PPS training plans in accordance with project objectives and the country strategy.

6) Communities served by the Project will be better able to solve their own problems through community action.

7) To strengthen a national network of former USAID participants through follow-on activities to be implemented in key geographical areas. Additionally, returned PPS scholars will maintain personal contacts and institutional relationships with individuals and organizations in the U.S.

IV. PROJECT STATUS

In September, the National Association of the Partners of the Americas (NAPA) was selected as the prime contractor, and the contract was signed on September 30th, 1992. Preliminary project commencement activities (e.g. staff recruitment, office space, and equipment procurement) began in October, and the NAPA Project Director will visit Peru in December. The following reflects the PPS strategy for the five-year period of project activities.

A. EOPS

Planned EOPS

Progress to Date

1. By the end of September 1997.  
 302 PPS scholars for training in the U.S. only and in the key developmental sectors identified by the Mission SIF.

Contract signed at the end of the reporting period, i.e. September 30.

2. 70% of trainees should be socially and/or economically disadvantaged.

3. 40% of trainees should be women.

4. 20% of trainees should attend long-term training programs.

5. Follow-on program strategy clearly articulated and implemented.

6. Develop and implement strategy to achieve Historically Black Colleges and Universities (HBCUs) 10% enrollment target.

B. Major Outputs

	<u>Planned</u>					Total
	FY 93	FY94	FY 95	FY 96	FY 97	
1. Short-term training	45	60	60	60	15	240
2. Long-term tech. training	-	22	-	22	-	44
3. Academic training	-	10	8	-	-	18
TOTAL	45	92	68	82	15	302

C. Other Accomplishments and Overall Status:

1. Background

The PPS is a new project under the regional CLASP II initiative. It takes full advantage of the lessons learned through the former CLASP I Program implemented in the Andean Region and Mission under the Andean Peace Scholarship Project (APSP 1988-91). The basic structure and intent of the CLASP Program will remain unchanged in this transition to the PPS Project.

CLASP II is a regional program consisting of 13 Mission projects. The project responsibilities are shared between AID/W and the field Missions. However, USAID Missions are responsible for developing and implementing specific projects that are responsive to the needs of the host country and consistent with overall program objectives.

Prior to the authorization of the PPS, USAID/Peru developed a Social Institutional Framework (SIF) which provided the analytical basis for the Mission strategy for achieving the Program objectives in the Peruvian context. The SIF analyzed the leadership structure of Peru and identified the key development sectors for concentrating the PPS/CLASP II activities. On November 20th, 1990, LAC/DR approved the USAID/Peru SIF and authorized the Mission to proceed with the project paper.

The continuation from the former Andean Peace Scholarship Project (under CLASP I) to the Peruvian Peace Scholarship Project (CLASP II) is justified by the widely recognized achievements and successful implementation of the APSP. Under the APSP/Peru, the Mission

## PERU PIPELINE REPORT

AS OF: 30-Sep-92

PROJECT #	PROJECT TITLE	G/L	START DATE	PACD	LOP	OBLIGATIONS (A)	EARMARKS	COMMITMENTS	DISBURSEMENT	ACCRUALS	ACCUMULATED		PIPELINE (A-B)	EXPENDITURES		% OF ELAPSED T		RATIOS
											EXPENDITURES (B)	ADVANCES		% OF GELIE (X)	% OF LOP (Y)	(Z)	(Z/A)	
5270000.00	PROGRAM DEVELOPMENT & SUPPORT	6	01-Oct-85	31-Dec-99	0	9,194,485	9,194,485	9,194,485	7,892,669	241,551	5,174,669	279,442	1,059,825	56.47%	49.12%	0.56		
5270051.00	SPECIAL PROJECT ACTIVITIES	6	01-JUN-83	31-DEC-99	0	2,163,437	2,163,437	2,163,437	2,063,236	80,201	2,163,437	100,201	40,000	98.15%	89.12%	0.82		
5270166.00	PDS AGRICULTURE	6	25-Nov-74	30-Sep-87	0	4,366,784	4,366,784	4,366,784	4,366,784	0	4,366,784	0	0	100.00%	100.00%	1.00		
5270169.00	PDS SELECTED DEVEL ACTIVITIES	6	01-Oct-76	30-Sep-87	0	11,467,921	11,467,921	11,467,921	11,467,921	0	11,467,921	0	0	100.00%	100.00%	1.00		
5270172.00	AGRIC.RESEARCH EXTENSION EDUC.	6	26-Aug-80	30-JUN-89	19,650,000	10,535,281	10,535,281	10,535,281	10,535,281	0	10,535,281	0	0	100.00%	53.61%	100.00%	1.00	1.87
5270192.00	AGRIC.RESEARCH EXTENSION EDUC.	L	26-Aug-80	30-JUN-89	19,650,000	8,968,071	8,968,071	8,968,071	8,968,071	0	8,968,071	0	0	100.00%	45.64%	100.00%	1.00	2.15
5270221.00	RURAL WATER SYST.& ENVIR. SAN.	6	25-Sep-80	30-JUN-89	11,000,000	693,300	693,300	693,300	693,300	0	693,300	0	0	100.00%	6.30%	100.00%	1.00	15.57
5270221.00	RURAL WATER SYST.& ENVIR. SAN.	L	25-Sep-80	30-JUN-89	11,000,000	6,745,179	6,745,179	6,745,179	6,745,179	0	6,745,179	0	0	100.00%	61.32%	100.00%	1.00	1.63
5270230.00	INTEGRATED HEALTH FAMILY PLAN.	6	01-Sep-81	30-Sep-88	8,800,000	4,777,873	4,777,873	4,777,873	4,777,873	0	4,777,873	0	0	100.00%	54.29%	100.00%	1.00	1.54
5270230.00	INTEGRATED HEALTH FAMILY PLAN.	L	01-Sep-81	30-Sep-88	8,800,000	3,979,128	3,979,128	3,979,128	3,979,128	0	3,979,128	0	0	100.00%	45.22%	100.00%	1.00	2.21
5270230.01	CONTRACEPTIVE SOCIAL MARKETING	6	28-Jun-84	28-Feb-90	4,100,000	2,738,181	2,738,181	2,738,181	2,738,181	0	2,738,181	0	0	100.00%	66.78%	100.00%	1.00	1.50
5270238.00	AGRIC.PLANNING INSTIT.DEVELOP.	6	25-Aug-83	30-Sep-92	17,650,000	6,627,459	6,627,459	6,627,459	6,598,869	38,590	6,627,459	0	0	100.00%	37.55%	100.00%	1.00	2.66
5270238.00	AGRIC.PLANNING INSTIT.DEVELOP.	L	25-Aug-83	30-Sep-92	17,650,000	10,212,469	10,212,469	10,212,469	10,212,469	0	10,212,469	0	0	100.00%	57.86%	100.00%	1.00	1.73
5270244.00	UPPER HUALLAGA AREA DEVELOP.	6	15-Sep-81	31-Dec-92	27,900,000	12,900,002	12,868,456	12,868,200	10,252,225	2,616,975	12,868,456	2,433,617	1,425,864	86.87%	41.09%	97.77%	1.10	2.35
5270244.00	UPPER HUALLAGA AREA DEVELOP.	L	15-Sep-81	31-Dec-92	27,900,000	15,000,002	14,964,688	14,964,656	14,215,696	748,960	14,964,688	742,577	781,314	94.75%	50.56%	97.77%	1.03	1.52
5270245.00	PRIVATE SECTOR FAMILY PLANNING	6	01-Oct-86	28-May-92	13,000,000	4,635,243	4,635,243	4,635,243	4,635,243	0	4,635,243	0	0	100.00%	37.19%	100.00%	1.00	2.65
5270272.00	PRIVATE SECTOR MANAG. IMPROV.	6	20-Sep-85	31-Dec-93	7,000,000	6,999,975	6,999,975	6,999,975	6,222,714	644,373	6,999,975	1,932	132,888	98.10%	98.10%	0.87	0.87	
5270282.00	AGRIC TECHNOLOG. TRANSFORMATION	6	25-Sep-87	31-Aug-93	25,000,000	23,198,724	22,492,951	22,397,380	17,086,375	3,349,902	20,435,277	3,075,016	2,760,447	88.10%	81.75%	84.54%	0.96	1.63
5270285.00	CHILD SURVIVAL ACTION PROJECT	6	29-Sep-87	31-Dec-94	19,000,000	14,998,566	10,814,585	10,662,698	9,248,574	811,774	10,068,348	4,938,218	2,760,447	67.08%	52.95%	68.96%	1.03	1.30
5270286.00	DRUG EDUC & PUBLIC AWARENESS	6	16-Sep-85	30-Sep-92	6,000,000	5,528,946	5,528,946	5,528,946	5,252,982	275,964	5,528,946	275,964	2,000	99.76%	92.12%	100.00%	1.00	1.03
5270298.00	PVT. SECTOR POL. PLAN - ILD	6	01-Apr-85	31-Mar-89	500,000	500,000	500,000	500,000	500,000	0	500,000	0	0	100.00%	100.00%	100.00%	1.00	1.00
5270298.01	PVT. SECTOR POL. PLAN - ILD	6	01-Apr-85	31-Mar-89	1,441,400	1,435,606	1,435,606	1,435,606	1,435,606	0	1,435,606	0	0	100.00%	99.60%	100.00%	1.00	1.00
5270298.02	PVT. SECTOR POL. PLAN - CONFIEP	6	01-Jun-86	30-Mar-91	2,205,000	2,108,595	2,108,595	2,108,595	2,108,595	0	2,108,595	0	0	100.00%	95.63%	100.00%	1.00	1.03
5270298.03	PVT. SECTOR POL. PLAN - GOP	6	27-Aug-86	31-Aug-92	2,800,000	2,072,567	2,072,567	2,072,567	2,072,337	231	2,072,568	108	(1)	100.00%	74.02%	100.00%	1.00	1.35
5270298.04	PRIV. SECT. - PROJ. COORD. & EVAL.	6	01-Apr-85	31-Aug-92	703,600	218,531	218,531	218,531	218,531	0	218,531	0	0	100.00%	31.06%	100.00%	1.00	3.22
5270303.00	ADMINISTRATION OF JUSTICE	6	25-Jun-86	31-Dec-93	4,010,000	3,509,998	2,154,620	2,154,098	1,962,423	155,675	2,098,498	132,679	1,411,900	59.77%	52.32%	83.36%	1.39	1.39
5270308.00	IIN-PRIV SEC NUTR-CHILD SURV.	6	26-Jun-86	31-Dec-90	914,000	863,783	863,783	863,783	860,283	3,500	863,783	0	0	100.00%	94.51%	100.00%	1.00	1.06
5270313.00	ANDEAN PEACE SCHOLARSHIP	6	24-Sep-87	30-Nov-91	6,357,816	5,595,662	5,595,662	5,595,662	5,249,856	81,038	5,330,894	0	264,768	95.27%	83.85%	100.00%	1.05	1.19
5270318.00	DISASTER RELIEF&PREPAREDNESS	6	14-DEC-87	31-DEC-90	275,747	182,485	182,485	182,485	182,485	0	182,485	0	0	100.00%	66.68%	100.00%	1.00	1.50
5270319.00	STRENGTHENING HEALTH INSTITUT.	6	28-Sep-91	31-Dec-96	18,000,000	5,356,015	1,875,867	1,394,453	126,632	369,127	495,759	0	4,860,256	9.26%	2.75%	19.16%	2.07	6.96
5270323.00	MOH SUPPORT FEEDING PROG. - OPS	6	30-Sep-88	31-Dec-92	750,000	750,000	750,000	750,000	667,592	20,508	668,092	30,410	61,908	91.75%	91.75%	94.08%	1.03	1.03
5270326.00	PRIV. COMMERCIAL FAN. PLANNING	6	30-Aug-91	30-Aug-96	5,000,000	2,594,115	2,096,865	2,096,865	882,105	245,000	2,096,865	154,759	1,577,010	79.02%	18.24%	21.73%	0.23	1.17
5270328.00	OPS ADRA/DFASA/NUTRIT&FOOD F/W	6	30-Sep-88	31-Dec-92	1,250,000	1,250,000	1,250,000	1,250,000	1,012,564	150,500	1,163,064	150,594	86,936	93.05%	93.05%	94.08%	1.01	1.01
5270329.00	STRENGTHENING OF CARITAS PERU	6	26-Jul-89	30-Apr-91	497,000	370,215	370,215	370,215	361,575	8,640	370,215	0	0	100.00%	74.49%	100.00%	1.00	1.34
5270330.00	FOOD ASSISTED INTEGRATED DEV.	6	27-Sep-88	31-Dec-92	728,000	728,000	728,000	728,000	713,390	14,610	713,390	0	14,610	97.99%	97.99%	94.09%	0.96	0.96
5270331.00	DECENTRALIZED POP&DEV.POLICIES	6	01-Oct-88	30-Nov-90	200,000	200,000	200,000	200,000	192,421	7,579	200,000	0	0	100.00%	100.00%	100.00%	1.00	1.00
5270333.00	AIDS PREVENTION PROJECT	6	29-Sep-89	31-Jan-93	500,000	500,001	484,434	483,599	332,467	51,009	383,476	47,378	116,525	76.70%	76.70%	85.92%	1.17	1.17
5270335.00	FAMILY PLANNING SERV EXPANSION	6	22-Sep-89	30-Sep-93	11,800,000	10,007,003	7,873,229	5,052,081	4,478,243	384,622	4,862,081	406,466	5,179,138	48.24%	40.91%	75.15%	1.36	1.64
5270340.00	CLASP II	6	30-Sep-92	31-Jan-97	6,800,000	1,842,668	1,842,668	1,842,668	0	0	0	0	1,842,668	0.00%	0.00%	0.00%	0.00	
5270341.00	E. N. R. S. - TNC	6	30-Sep-91	30-Sep-95	3,600,000	2,124,756	2,066,000	2,066,000	61,019	47,155	108,177	0	2,016,579	5.09%	3.00%	25.05%	4.92	8.34
5270343.00	POLICY ANALYSIS, PLNG, IMPLNT.	6	29-Sep-90	30-Mar-95	7,150,000	3,645,898	3,172,692	1,224,358	572,535	56,371	628,706	0	3,016,902	17.23%	8.60%	44.33%	2.32	3.07
5270344.00	ECON.STABILIZATION & RECOVERY	6	30-Sep-91	30-Sep-93	50,000,000	50,000,000	20,000,000	20,000,000	20,000,000	0	20,000,000	0	30,000,000	40.00%	40.00%	50.07%	1.25	1.25
5270347.00	MARCOTICS EDUC.&COMMUNITY INIT	6	29-Sep-92	29-Sep-97	8,800,000	3,800,000	0	0	0	0	0	0	3,800,000	0.00%	0.00%	0.00%	0.00	
5270349.00	INVESTMENT & EXPORT PROMOTION	6	30-Sep-91	31-Mar-97	19,595,000	4,500,000	4,085,007	631,707	190,320	172,422	322,442	12,700	4,137,558	8.05%	1.86%	18.22%	2.26	5.64
5270353.00	PVD PROGRAM SUPPORT	6	30-Sep-92	30-Sep-98	13,600,000	1,633,500	0	0	0	0	0	0	1,633,500	0.00%	0.00%	0.00%	0.00	
5980640.00	LAC TRNG.II-CONFIEP	6	23-Sep-85	31-Dec-89	200,000	173,616	173,616	173,616	173,616	0	173,616	0	0	100.00%	86.81%	100.00%	1.00	1.15
5980772.16	PRIVATE SCIN. INSTITUT.M. REFORN	6	02-Mar-89	28-Feb-95	11,288,543	8,225,543	7,475,456	7,474,456	5,740,695	501,676	6,242,371	686,048	1,983,172	75.89%	55.30%	59.75%	0.79	1.08
9070205.00	REG.DISASTER/DISASTR PREPARDMS	6	28-Nov-89	31-Dec-91	141,069	141,069	141,069	141,069	139,507	1,563	141,070	0	(1)	100.00%	100.00%	100.00%	1.00	1.00



PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

4. Twenty three public sector activities organized per year.
5. One hundred community level-conceived and implemented drug prevention activities per year.
6. Ten percent yearly increase in the percentage of the population which recognizes drugs as a major national problem.

**B. Major Outputs**

	<u>Planned</u>			<u>Accomplished</u>			
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Non-A.I.D. funds raised for self-sufficiency (thousands of dollars)	2,000	0	0	100	0	0	0
2. Number of high schools with drug prevention curricula adopted.	4,300	0	0	100	0	0	0
3. Surveys conducted	13	0	0	2	0	0	0
4. Yearly radio/TV campaigns	5	0	0	1	0	0	0
5. Support 100 community-based institutions per year to implement drug prevention activities	500	0	0	50	0	0	0
6. Maintain five Street Children Centers as models for nation.	5	0	0	5	0	0	0

**C. Other Accomplishments and Overall Status**

CEDRO is developing its first year Action Plan. As performed under the previous DEPA Project, it is anticipated that CEDRO will provide close attention to WID considerations. In that sense, top management and senior staff positions will continue to be filled with professional women, and it is expected that around 60% of the Project trainees will be women.

**D. Problems and Delays**

None.

**E. Major Activities or Corrective Actions During the Next Six Months**

1. Mission shall approve CEDRO's first year Action Plan and commit corresponding financial resources.
2. CEDRO will have a redesigned accounting and financial information system that will provide for the discrimination of core administrative costs and the method of applying these management costs to all of CEDRO's programs.
3. The auditors should complete the 1992 audit on CEDRO.
4. Draft article for possible Front Lines publication.

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**IA. BACKGROUND DATA**

Project Title: Narcotics Education and Community Initiatives  
 Project Number: 527-0347  
 Date of Authorization: original 09/29/92  
 Date of Obligation: original 09/30/92  
 PACD: original 09/29/97  
 Implementing Agencies: Center for Information and Education on Drug Abuse Prevention-C  
 Major Contractors: none  
 AID Project Manager: Alfredo Larrabure  
 Status of CPs/Covenants: N/A, Cooperative Agreement (all provisions on track)  
 Date of Last Evaluation: N/A Next Evaluation: August 1993  
 Planned Number of Non-Federal Audits during Fiscal Year: none  
 The Number of such Audits Contracted for/Completed: N/A  
 Date of Last Audit: N/A Next Audit: 12/31/92

**IB. FINANCIAL DATA**

Amount Authorized:	DA/ESF Grant:	original	\$ 8,800,000
Amount Obligated:	DA/ESF Grant:	original	\$ 3,800,000
Amount Committed:	Period:		\$
	Cumulative:		\$
Accrued Expenditures:	Period - Projected:		\$
	Period - Actual:		\$
	Cumulative:		\$
	Period - Next:		\$ 1,313,691
Counterpart			
Contribution:	Planned:		\$ 3,100,000 (in kind)
	Actual:		\$ 0
% LOP Elapsed:		0 %	
% of Total Auth. Oblig.		43.18 %	
% of Total Oblig. Exp.		0 %	
% of Total Auth. Exp.		0 %	

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives: This Project supports Strategic Objective No. 5: Replace coca-based employment and foreign exchange earnings with legal alternatives. The Project also supports Strategic Objective No. 4: Encouraging strong democratic institutions that reinforce economic freedom.

Percent of LOP Funds Relating to Strategic Objectives:	No. 5	65%
	No. 4	35%
		100%

**IIB. PROJECT PURPOSE**

To stimulate a national awareness leading to activities that counteract drug production, trafficking and abuse.

**III. PROJECT DESCRIPTION**

The primary focus of the Project will be to stimulate nationwide awareness of the country's drug-related problems. To achieve this, it is necessary to strengthen CEDRO as a private, non-partisan, financially self-sustainable drug information and education center that is well-respected throughout the country and which, after the PACD, can 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.

**IV. PROJECT STATUS**

CEDRO is preparing its first year Action Plan to meet the first covenant, while the Mission is preparing the standard PIL on financial procedures and regulations i.e. pertaining to advances, liquidations, etc.

**A. EOPS**

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	Twelve newspaper editorials per month.	Cooperative Agreement with CEDRO was signed on Sept. 29, 1992.
2.	Ten non-CEDRO publications per month.	
3.	Ten non-CEDRO TV/radio presentations per week.	

FINANCIAL SUMMARY OF USAID/PERU PORTFOLIO  
(APR/1, 1992 THROUGH SEP/30, 1992)

(\$000)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
PROJECT NO.	STRATEGIC OBJECTIVE PROGRAM/PROJECT TITLE	DATE- CATEGORY	LAST OF INIT. REVISED	% OF LOP ELAPSED	% OBLIG. EXPEND.	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TO DATE	CUNUL. AMOUNT OBLIG.	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACTUAL ACCR. SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	PLANNED ENDING PIPELINE (NEXT SEM.)	PLANNED EXPEND.		
						(16/10)						(14/13)					
<b>1 Establishment and maintenance of sound economic policy and structural reforms that promote economic stabilization and sustainable economic growth.</b>																	
5270343.00	6 POLICY ANALYSIS, PLNS, IMPLMNT.	29-Sep-90	30-Mar-95	44%	17%	7,150	0	3,646	3,504	3,407	126	125	98%	629	3,017	400	
5270298.00	6 PVT. SECTOR POL. PLAN	01-Apr-85	31-Aug-92	100%	100%	7,650	(28)	6,335	(21)	191	69	99	143%	6,335	0	0	
<b>2 Reactivated labor - intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors.</b>																	
5270272.00	6 PRIVATE SECTOR MANAG. IMPROV.	30-Sep-85	31-Dec-93	85%	98%	7,000	317	7,000	0	1,043	638	823	125%	6,867	133	133	
5270282.00	6 AGRIC TECHNOLOG. TRANSFORMATION	25-Sep-87	31-Aug-93	85%	88%	25,000	0	23,199	1,801	3,846	1,657	888	54%	20,438	2,761	1,400	
5270323.00	6 MCH SUPPORT - FEEDING PRDCT-CPB	30-Sep-88	31-Dec-92	94%	92%	750	0	750	0	173	72	71	99%	666	52	52	
5270328.00	6 OPB ADRA/DFASA; NUTRIT & FOOD F/W	30-Sep-88	31-Dec-92	94%	93%	1,250	0	1,250	0	246	142	157	111%	1,163	87	57	
5270330.00	6 FOOD ASSISTED INTEGRATED DEV.	27-Sep-88	31-Dec-92	94%	98%	728	0	728	0	86	12	(1)	-5%	713	15	15	
5270341.00	6 E. R. R. S. - INC	30-Sep-91	30-Sep-95	25%	5%	3,600	0	2,125	1,475	2,125	350	33	9%	108	2,017	304	
5270349.00	6 INVESTMENT & EXPORT PROMOTION	30-Sep-91	31-Mar-97	18%	8%	19,500	0	4,500	15,000	4,500	100	320	320%	362	4,138	152	
5270353.00	6 PVO PROGRAM SUPPORT	30-Sep-92	30-Sep-98	0%	0%	13,600	1,634	1,634	11,966	0	0	0	0%	0	1,634	900	
9682058.00	6 ADRA/DFASA; SUPP. DROUGHT AREAS	30-Sep-92	30-Jun-93	0%	0%	1,243	1,243	1,243	0	0	0	0	0%	0	1,243	1,243	
9682058.01	6 CARE; SUPPORT DROUGHT AREAS	30-Sep-92	30-Jun-93	0%	0%	746	746	746	0	0	0	0	0%	0	746	790	
9682058.02	6 CARITAS; SUPPORT DROUGHT AREAS	30-Sep-92	30-Jun-93	0%	0%	832	832	832	0	0	0	0	0%	0	832	790	
<b>3 Improve health status through access to quality primary health care.</b>																	
5270285.00	6 CHILD SURVIVAL ACTION PROJECT	29-Sep-87	31-Dec-94	69%	67%	19,000	4,016	14,999	4,001	3,078	1,000	687	69%	10,060	4,939	1,800	
5270319.00	6 STRENGTHENING HEALTH INSTITUT.	30-Sep-91	31-Dec-96	19%	9%	18,000	2,331	5,356	12,644	3,025	1,000	496	30%	496	4,860	1,000	
5270326.00	6 PRIV. COMMERCIAL FAM. PLANNING	30-Aug-91	30-Aug-96	22%	37%	5,000	1,900	2,504	2,496	604	597	650	109%	927	1,577	595	
5270333.00	6 AIDS PREVENTION PROJECT	29-Sep-89	31-Jan-93	90%	77%	500	132	500	0	106	145	50	34%	383	117	108	
5270335.00	6 FAMILY PLANNING SERV EXPANSION	22-Sep-89	30-Sep-93	75%	48%	11,800	1,269	10,007	(14)	5,418	1,300	802	53%	4,828	5,179	1,000	
<b>4 Encourage strong democratic institutions that reinforce economic freedom.</b>																	
5270061.00	6 SPECIAL PROJECT ACTIVITIES	01-Jun-83	31-Dec-99	80%	98%	2,163	0	2,163	0	110	49	61	124%	2,123	40	40	
5270303.00	6 ADMINISTRATION OF JUSTICE	25-Jun-86	31-Dec-93	83%	60%	4,010	660	3,510	(111)	1,002	59	87	147%	2,078	1,412	600	
5270340.00	6 CLASP II	30-Sep-92	30-Sep-97	0%	0%	6,800	1,843	1,843	4,957	0	0	0	0%	0	1,843	174	
5980772.16	6 PRIVATE SCTR. INSTITUTNL. REFORM	02-Mar-89	28-Feb-95	60%	96%	11,289	1,800	8,276	3,013	2,172	1,000	674	67%	6,292	1,984	940	
<b>5 Replace coca based employment and foreign exchange earnings with legal alternatives.</b>																	
5270244.00	6 UPPER HUALLAGA AREA DEVELOP.	15-Sep-81	31-Dec-92	98%	89%	12,900	0	12,900	0	3,199	1,117	(319)	-29%	11,464	1,436	1,436	
5270244.00	L UPPER HUALLAGA AREA DEVELOP.	15-Sep-81	31-Dec-92	98%	95%	15,000	0	15,000	0	751	751	(31)	-4%	14,219	751	781	
5270288.00	6 DRUG EDUC & PUBLIC AWARENESS	24-Sep-85	30-Sep-92	103%	100%	6,000	(81)	5,529	(2)	1,331	580	613	106%	5,527	2	0	
5270347.00	6 NARCOTICS EDUC. & COMMUNITY INIT	30-Sep-92	29-Sep-97	0%	0%	8,800	3,800	3,800	5,000	0	0	0	0%	0	3,800	1,314	
<b>SUBTOTAL ACTIVE PROJECTS</b>						<b>68%</b>	<b>210,311</b>	<b>22,414</b>	<b>140,375</b>	<b>65,857</b>	<b>36,413</b>	<b>10,966</b>	<b>6,285</b>	<b>57%</b>	<b>95,720</b>	<b>44,655</b>	<b>15,874</b>

(8) The difference between LOP and Amount Obligated represents funds originally programmed but not obligated.

(11) LOP includes OYB transfer of \$1,793,000 to RD/POP/CPSD for contraceptive procurement.

(111) LOP includes \$500,000 provided directly to LICITAP (U.S. Dept. of Justice) in support of specific project activities.

**ATTACHMENT**

**FINANCIAL SUMMARY**

4. Design, implementation, and analysis of a drug incidence and prevalence study. Three were carried out (MOE: 1, CEDRO: 2).
5. Recommendations provided for further A.I.D. programming of a similar nature in other drug producing and consuming countries. The Project's evaluation concluded that the Project can serve as a model for replication both within Latin America and worldwide.

**B. Major Outputs**

	Planned			Accomplished		% of LOP
	LOP	Period	Cum.	Period	Cum.	
1. Amount of GOP resources to counter drugs					\$21 m.	
2. Percentage of public who thinks drugs are problem for Peru	55%	12%	55%	7%	50%	91%
3. Number of publications	1,700	150	1,700	162	1,898	111%
4. Radio/TV spots	35	2	35	2	35	100%
5. Short term training	500,000	15,000	500,000	18,500	480,000	96%
6. Major studies completed	7	1	7	1	6	86%
7. No. of local prevention programs	20	3	20	3	20	100%
8. No. of schools with curriculum	117	80	50	84	114	97%
9. No. of students benefiting from curriculum	100,000	70,000	100,000	67,000	97,000	97%

**C. Other Accomplishments and Overall Status**

Besides routine activities to increase public awareness on drug-related issues, CEDRO completed the field work of its third epidemiological and public opinion study, whose first results will be available by the end of November, 1992.

During the reporting period, CEDRO completed the construction of the three facilities for the Street Children Program (financed by the US Congress' Disabled Children Program). Two of them are already used by an average of sixty kids. The third one will be dedicated in mid-November 1992.

The implementing agencies have been permanently sensitized on WID considerations. Top management and senior staff positions have been always filled with professional women. Particularly in the case of CEDRO, specific activities were designed to be developed with women. Such is the case of their "Linea Mujer" program. CEDRO and the MOE records show that almost 60% of their trainees were women.

As verified by the Project's evaluation and yearly audits, the Project was implemented on time throughout its LOP. Performance of the implementing agencies (including the earlier US contractor) can be considered outstanding. The new NECI Project, will lead citizens to react against the drug problem, thereby creating a climate which will facilitate the actions that the GOP must take to eliminate coca cultivation.

**D. Problems and Delays**

1. Despite the fact that CEDRO has been austere in its expenditures, the unexpectedly low LC exchange rate resulted in CEDRO's drawing more dollars than budgeted to finance its approved local currency budget. This caused CEDRO to run out of money by mid-July 1992. To overcome this issue, CEDRO made use of its endowment fund while the Mission approved a \$170,000 PD&S-funded "bridge-grant" to allow for the continuation of activities while the follow-on activity, the NECI Project, was coming on line.
2. Due to restrictions against owning foreign currency bank accounts (effective until mid-1990) and as a consequence of the country's severe economic situation, CEDRO was unable to reach the desired level within its endowment fund in order to finance at least its administrative costs. This problem will be addressed in the NECI Project.

**E. Major Activities or Corrective Actions During the Next Six Months**

1. Final liquidation vouchers submitted by MOE and CEDRO will be processed.
2. Controller's Office will complete its post review of vouchers for the period January-June 1992.
3. The Project Assistance Completion Report shall be prepared.
4. A non-federal audit will be contracted by CEDRO under the NECI Project to examine CEDRO's performance during CY 1992.

**PROJECT STATUS REPORT**  
**April 1, 1992 - September 30, 1992**

**IA. BACKGROUND DATA**

Project Title: Drug Education and Public Awareness  
 Project Number: 527-0288  
 Date of Authorization: original 09/18/85 amendment 08/27/90; 08/23/91  
 Date of Obligation: original 09/24/85 amendment 09/30/91  
 PACD: original 09/30/90 amendment 09/30/92  
 Implementing Agencies: CEDRO, MOE, MOH  
 Major Contractors: Development Ass. Inc. (Sept.85-Mar.89)  
 AID Project Manager: Alfredo Iarrabure  
 Status of CPs/Covenants: Satisfied  
 Date of Last Evaluation: 05/31/90 Next Evaluation: none  
 Planned Number of Non-Federal Audits during Fiscal Year: one  
 The Number of such Audits Contracted for/Completed: one in 1992, five over LOP  
 Date of Last Audit: 12/31/91 Next Audit: 12/31/92 under new NECI Project (527-0347)

**IB. FINANCIAL DATA**

Amount Authorized:	DA/ESF Grant:	original	\$ 4,000,000	amended to \$ 6,000,000
Amount Obligated :	DA/ESF Grant:	original	\$ 250,000	amended to \$ 5,528,946
Amount Committed :	Period:		\$ 144,328	
	Cumulative:		\$ 5,528,946	
Accrued Expenditures:	Period - Projected:		\$ 580,000	
	Period - Actual:		\$ 613,138	
	Cumulative:		\$ 5,526,946	
	Period - Next:		\$ none	
Counterpart Contribution:	Planned:		\$ 430,000	LOP (mainly in kind contributions from GOP and private sector)
	Actual:		\$ 500,000	
% LOP Elapsed:			100.00%	
% of Total Auth. Oblig.			92.14%	
% of Total Oblig. Exp.			99.96%	
% of Total Auth. Exp.			92.11%	

**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives:

This Project supports Strategic Objective No. 5: Replace coca-based employment and foreign exchange earnings with legal alternatives. The Project also supports Strategic Objective No. 4: Encouraging strong democratic institutions that reinforce economic freedom.

Percent of LOP Funds Relating to Strategic Objectives:

No. 5	65%
No. 4	35%
	100%

**IIB. PROJECT PURPOSE**

To increase public awareness of problems in Peru related to the production, trafficking, and abuse of illicit drugs and the social, political, economic, and health consequences of these activities.

**III. PROJECT DESCRIPTION**

The primary implementation focus was directed to the creation and operation of a Peruvian private, non-profit Drug Education and Information Center - CEDRO (\$4,329,122) under the guidance of the U.S. contractor Development Associates Inc., (\$750,000). The secondary focus was the strengthening of public sector programs that complemented the work of the Center. To this end, the Project granted \$368,874 to the Ministry of Education and \$80,950 to the Ministry of Health through the National Institute for Mental Health (INSM). The Project met its objectives through these two interrelated components.

**IV. PROJECT STATUS**

After seven years, the Project was concluded on September 30, 1992. Its follow-on project, Narcotics Education and Community Initiatives (NECI), commenced on September 29, 1992.

**A. EOPS**

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	A private drug information and education center established and carrying out a national drug awareness and information program.	Center established although not financially self-sustainable (see section D-2).
2.	Improved public sector educational program in drug abuse and drug problems carried out by the MOE.	Drug Prevention Program developed and approved for its inclusion in high school education.
3.	Institutionalization of drug surveillance and data collection procedures in the MOH.	Satisfied partially. A survey identified the profile of the drug user in Lima. Assistance to the MOH, however, was suspended on September 30, 1990.

**PROJECT STATUS REPORT**  
April 1, 1992 - September 30, 1992

5. Annual Statistical Report	9	1	10	4	3	16	178
6. Registration of land titles	5,564	250	5,815	290	460	5,159	93
7. Volume of credit provided	4,505,853	-	-	-	1,391,184	5,619,007	125
8. No. loans provided	-	-	-	-	607	2,999	-
9. Repair and rehabilitation of the Marginal Highway and rural roads (km)	1,536	84	2,061	170	114.7	1,396.7	91
10. Construction of a (*) rice mill	1	-	-	-	42%	65%	65
11. Construction of a (*) pineapple process plant	1	-	-	-	54%	92%	92
12. Construction of a (*) banana process plant	1	-	-	-	65%	85%	85
13. Comm. vegetable gardens established	-	-	-	-	183	239	-

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
14. Comm. small animals (*) farm installed	-	-	-	-	49	108	-
15. Classrooms construction/rehabilitated	-	-	-	-	46	575	-
16. Number of rural potable water systems installed	14	3	41	5	1	40	294
17. Health centers constructed/rehabilitated	-	-	-	-	10	99	-
18. Number of fish (*) farm installed	6	5	18	6	3	13 M	217 F
19. No. of people trained for health promoters, teachers members of Mother's Clubs and potable water committee leaders	130	458	495	52	63	1,367	2,157
20. Agricultural training (long-term)	-	-	-	-	-	19	-

(\*) Financed by the Credit component.

**C. Other Accomplishments and Overall Status**

**Other Accomplishments:**

Last July GOP/MEF gave to the San Martin Regional Government \$ 2,500,000 (funds from PL-480 generated local currency) for the construction of the Picota Bridge over the Huallaga river and for the Ponaza Integrated Development Program.

The Picota bridge across the Huallaga river will be completed around April 15, 1993 and will provide access to the Ponaza and Biabo valleys. Because law enforcement activities conducted out of the Santa Lucia Base have reduced coca production in the area near the base, these out valleys are being developed by the narcotraffickers as expansion areas for coca cultivation. These projects will offer an alternative to coca production. The Picota bridge contractor has completed the piers and the anchors for the bridge and will start the erection of the suspension portion in October. This is a 260 meters suspension bridge that will provide access to the Ponaza and Biabo valleys, both with great potential as major agriculture production centers. At present approximately 14,000 has. of the total land area of 600,000 has. are being cultivated. It is estimated that there are 1,000 has. planted to coca.

**PROJECT STATUS REPORT**  
**April 1, 1992 - September 30, 1992**

During CY 92, the Project expanded its area of coverage to include portions of the Central Huallaga (Picota and Ponaza Valleys) and several pilot subprojects are being implemented in the expanded area. A "Municipalities in Action" program is being tested in Tocache Province (and Picota/Ponaza) and a Cuenca development concept is also being tried. The current political situation and resultant changes in the USG/GOP relationship have postponed the beginning of the Selva Economic Revitalization Project and in order to maintain momentum in the counternarcotics battle an extension of UHAD is proposed. This will allow UHAD pilot subprojects to be tested for 18 more months so the concepts can be introduced in the SER Project.

The project purposes and description have changed greatly over its 11 year life in response to drastic changes in the countries politics, in changes in the security situation, presence of army and police enforcement activities (including the USG supported Santa Lucia police base), terrorist presence and growth of coca production.

**IV. PROJECT STATUS**

Based on the following planned EOPS and major inputs the project status shows that April-September 1992 was a very successful semester. During this period the project accomplished most of its physical objectives.

**A. EOPS**

Planned EOPS

- |  |   |
|--|---|
| 1. Training Professionals              | Approximately 70% of the graduates still work in the region.  |
| 2. Agricultural Technological Packages | Agreements with UNAS and INIAA support cattle and agricultural extension activities, training for extensionists and farmers, and implementation of test plots again underway. |
| 3. Improvement of crops                | Selected crops resulting in both short and long term improvements for a variety of crop packages.   |
| 4. Credit system expanded              | Project is using market rates for both short and medium term credits to serve project area farmers.   |
| 5. Agricultural services upgraded      | Marketing and land registration services accessible to Project area farms.  |
| 6. Statistical capacity functioning    | Measured changes in cropping patterns, technology and on farm incomes will be in place and functioning.   |
| 7. Transportation cost reduced.        | Roads maintenance has reduced by 60% the travel time between Tingo Maria and Tocache thus facilitating the transport of products.   |

Planned EOPS stated at the PP were related to institutional strengthening. Achievement of those institutional changes resulted in the following:

Purpose Indicators

Progress to Date (\*)

- |                      |   |
|----------------------|---|
| 1. Rice production   | Increased from 3,300 MT (80') to 8,261 MT (91')   |
| 2. Maize production  | Increased from 8,400 MT (80') to 11,211 MT (91')  |
| 3. Banana production | Increased from 31,200 MT (80') to 75,949 MT (91') |
| 4. Yucca production  | Increased from 27,500 MT (80') to 57,730 MT (91') |
- (\*) In 1990 figures were 32,781 MT for rice, 14,693 MT for maize, 74,739 MT for banana and 61,665 for yucca.

**B. Major Outputs**

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Demonstration plots	3,000	200	3,412	180	258	2,127	71
2. Technical Assistance to farmers	18,100	400	14,478	650	2,366	17,589	97
3. Seeds Production (rice, maize, coffee) (kg.)	429,724	50,000	461,000	60,000	55,068	218,791	51
4. Seedling production (cacao, coffee, banana, yucca, citric) (units)	825,680	355,000	1,931,600	365,000	452,623	1,833,010	222

IV. PROJECT STATUS

A. End of Project Status (EOPS)

Planned EOPS

Progress To Date

1. Increased CYP of CSM products through commercial retail sales over baseline: pills, injectables, vaginal tablets, and condoms.
2. Enrollment of eligible women in reproductive age (W.R.A.) in employer-subsidized family planning programs

APROPO signed contracts with four local pharmaceutical companies producers of low-priced two brands of pills, one vaginal tablet and one injectable to be included in the project social marketing program. Marketing and publicity plan were designed and the first advertising 8-week campaign was launched the last week of August. September product sales increased after a decreasing trend during the last 2 years. A careful monitoring and analysis of monthly sales is being done by APROPO to determine their response to the campaign. Results to date are encouraging because they show a positive market reaction to the campaign as well as of the point of purchase promotion.

During this project first year, APROPO has developed a product called PREVIRED, which is a network of service providers delivering preventive reproductive health and family planning services. APROPO has also developed a marketing strategy to offer PREVIRED to business companies as a supplement of private health plans which do not include preventive health and family planning.

APROPO launched the product in September and started an aggressive promotion and sales campaign. PREVIRED services sales are expected for the first quarter of 1993. Expected recovery of the Peruvian economic situation will also contribute to improve business finances and make possible for them to buy PREVIRED services for their workers.

As proposed in the Project Paper, the first project year was devoted to performing planning activities in light of the significant changes in the country's economic and political climate. Likewise in the start-up of the main activity foreseen. As a result, the outcomes are higher than expected. The major accomplishments by each project component are the following:

CONTRACEPTIVE SOCIAL MARKETING

1. In late August a T.V. and radio campaign was launched for two brands of locally produced commercial pills, likewise for vaginal tablets in radio. This campaign was supported by point of purchase promotion through dispensers, stickers and pamphlets.
2. A training program on contraceptive methods and interpersonal communications for pharmacists and clerks was completed. 20 cities of Peru were covered and 2,200 persons trained. Additionally, a training workshop for 10 trainers was conducted in Lima.
3. A base-line study completed on users and non-users profile for the above four products.
4. Income generation for APROPO started, as agreed in contracts signed with the 4 pharmaceutical companies.

COMMERCIAL SERVICES COMPONENT

1. Design of a Preventive Health and Family Planning Network of Service Providers: PREVIRED, and signature of agreements with 6 service providers (total of 9) Private Hospitals and PVO's to offer at reasonable prices 6 preventive-health and family planning plans.
2. 4 workshops with social workers and human resources managers (130 attenders) to present the advantages of preventive health and family planning.
3. Promotional information developed and tested and will be produced and distributed in the next period.

COMMUNICATION COMPONENT

1. Application of a Multimedia Model to attack myths and rumors on family planning and promote satisfied users.
2. Development of non-traditional communication programs to modify attitudes and behaviors of individuals and environment: The theater-play "No Empujan" and the clowns act "Los Condonos de la Esperanza". Both were accompanied by counselling.
3. The success of this type of activity, allowed APROPO to be on a TV program (Alo Gisella) of strong impact for the target audience.
4. Radio micro-programs "El Derecho de Saber" were forecasted in Lima and provinces.
5. A national base line study was conducted to evaluate communication campaigns impact.

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

**IA. BACKGROUND DATA**

Project Title: Private Commercial Family Planning  
Project Number: 527-0326  
Date of Authorization: original 08/29/91  
Date of Obligation: original 08/30/91 amendment 03/30/92  
PACD: original 08/30/96  
Implementing Agencies: APROPO  
Major Contractors: The Futures Group/SOMARC and Johns Hopkins U./PCS (Buy-Ins)  
AID Project Manager: Maria Angelica Borneck  
Status of CPs/Covenants: N/A, Cooperative Agreement (all provisions are on track)  
Date of Last Evaluation: None Next Evaluation: February 1994  
Planned Number of Non-Federal Audits during Fiscal Year: None  
The Number of such Audits Contracted for/Completed: None  
Date of Last Audit: None Next Audit: September 1992

**IB. FINANCIAL DATA**

Amount Authorized:	DA/ESF Grant:	original	\$ 5,000,000
Amount Obligated:	DA/ESF Grant:	original	\$ 604,115 amended to \$ 2,504,115
Amount Committed:	Period:		\$ 1,593,750
	Cumulative:		\$ 2,096,865
Accrued Expenditures:	Period - Projected:		\$ 597,000
	Period - Actual:		\$ 649,938
	Cumulative:		\$ 927,105
	Period - Next:		\$ 594,750
Counterpart			
Contribution:	Planned:		\$ 942,508 (in-kind/cash)
	Actual:		\$ 364,520 (in-kind/cash)
% LOP Elapsed:		20%	
% of Total Auth. Oblig.		50%	
% of Total Oblig. Exp.		37%	
% of Total Auth. Exp.		19%	

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**IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

Specific Linkage to Strategic Objectives:

This Project supports Strategic Objective No. 3: Improve health status through access to quality primary health care.

Percent of LOP Funds Relating to Strategic Objectives: 100%

**IIB. PROJECT PURPOSE**

To increase the provision of modern contraceptive methods through commercial sector channels.

**III. PROJECT DESCRIPTION**

The CFP Project consists of three components: Contraceptive Social Marketing (CSM), Commercial Services Delivery (CSD) and National Family Planning Communication (NFPC).

The objective of the CSM component is to increase the availability of accessibly-priced contraceptives to the project's target group through commercial retail outlets. The target group consists of those moderate and lower-income Peruvian couples not using a modern family planning method but wishing to limit or space the number of their children. At the end of 1991 these socioeconomic groups had a monthly average income between US\$150 - 500. APROPO will pursue the following strategy to achieve the project objectives: select CSM brands for promotion, assess optimal CSM prices based on maximum affordability to the target group and minimally-acceptable profit margins for producers, distributors and APROPO, carry out a national communication campaign, and analyze and propose reforms for policies that negatively affect project actions and contraceptive prevalence.

The objective of the CSD component is to increase the participation of the private sector in financing family planning services. This will require that private health plans expand their coverage, currently limited to curative care, to include preventive health services and family planning. The CSD component strategy will be to demonstrate to employers and insurers the positive returns of including family planning in their employees' health plans and health insurance policies. Once firms are convinced, APROPO will assist them to implement family planning services. APROPO will cover their administrative costs of this component by collecting fees for brokerage services to put companies together with service providers and/or technical assistance, depending on the delivery modality selected.

The objective of the National Family Planning Communication Component is to better inform Peruvians about modern contraceptive methods. A lack of information and misinformation about the health effects and use of family planning methods prevents the achievement of a higher contraceptive prevalence rate in Peru. APROPO with the assistance of PRISMA (527-0335 project) and the National Population Council, will coordinate the communication programs of all organizations working in family planning in Peru, in order to make a greater impact on the Peruvian populace. Main activities to be carried out will be: a communications needs assessment study, a national communication workshop, and a national family planning communications campaign.

PROJECT STATUS REPORT  
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7.	PHC Pharmaceutical Revolving Fund established and sustained.	1	0	1	1	0	0	0
8.	Quarterly newsletter published by project.							
9.	Three annual dissemination meetings in each macro-region for health care providers and policy makers.							

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C. Other Accomplishments and Overall Status

- 48 organizations presented first draft proposals. Of those, 33 developed into second stage proposals and 12 were initially approved by the CARE/SHIP Regional Coordinators and submitted to CARE/Lima for final approval.
- USAID PSC Coordinator for Southern Component selected. Position for USAID PSC Coordinator for Northern component advertised. Marketing study proposals for Northern component being reviewed.

D. Problems and Delays

- Northern component was delayed due to continued Brooke-Alexander sanctions and the suspension of new government-to-government assistance following the events of April 5. The Mission-sponsored trip for regional authorities to evaluate applicability of PROSALUD model for Peru postponed due to dissolution of regional governments. Therefore, as soon as Peru's election results are evaluated, the HPN office will solicit another letter of cooperation from the new regional authorities and proceed with analysis of any legal issues which may arise in ceding the centers.
- Now that CARE has found good qualified staff, USAID is requesting a better definition of project indicators and the establishment of an information system to measure progress towards these indicators as well as detailed implementation plans. Lack of an USAID Project Coordinator has seriously impaired USAID's ability to offer direction and improve these plans and to meet our procurement requirements.
- CARE had problems with the quality of the proposal presented. Workshops had to be organized by CARE to strengthen NGOs technical staff project design capabilities.

E. Major Activities or Corrective Actions During the Next Six Months

- Review and final approval of the first NGO subgrants.
- Establish NGO service delivery networks in Arequipa and Puno for Primary health care.
- Development of pharmaceutical procurement plan for participating agencies.
- Market feasibility and legal studies for northern component health centers completed by February 1993.
- RFP for institutional contract prepared by end of March with contract award planned for no later than August 1993.
- USAID contracting of PSC project coordinators.

**PROJECT STATUS REPORT**  
April 1, 1992 - September 30, 1992

**A. EOPS**

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	Northern Component One self-financed regional primary health care delivery system established and functioning in the macro-north region.	None
2.	Southern Component Grants for Primary Health Care made. Grants for Primary Health Care support or promotion made. NGO Cooperation fostered. Regional MOH authorities collaborate actively with grantees.	- 12 proposals approved for sub-grant funding.  - Regional MOH authorities fully aware of the project and supportive of it.
3.	Studies/Dissemination/Policy/Dialo gue. Studies conducted. Results of all studies and evaluations disseminated through workshops, seminars, and publications.	None

**B. Major Outputs**

	<u>Planned</u>				<u>Accomplished</u>		
	<u>LOP</u>	<u>Period</u>	<u>Cum.</u>	<u>Next Period</u>	<u>Period</u>	<u>Cum.</u>	<u>% of LOP</u>
1.	Non-profit health care system that is 80% self-sustaining by 1997 in terms of coverage of network operating expenses.	Nos. 1, 4, 8, and 9	2, 3,	pending RFP/contract award			
2.	Non-profit Primary Health Organization (PHO) established with charter, Board of Directors and bylaws in first year of Institutional Contract.						
3.	PHO has one central management office and at least 10 health centers by end of year 2.						
4.	Health clinics established and providing high quality service to 150,000 persons served annually by 1996.						
5.	18-20 sub-grants for PHC made.	6	6	6	12	12	60
6.	Legal, marketing, and feasibility studies conducted by USAID.	2	2	0	0	0	0

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

in great demand due to the absence of almost all the credit institutions and the lack of other resources of the public sector. This situation has helped PEAH to be more accepted in the area. Agricultural support services and main road maintenance works provided by PEAH stimulated the expansion, although at slow pace, of legal crops during the life of the Project (area under legal crops has increased from 26,000 ha. in 1981 to more than 51,000 ha. in 1990<sup>1</sup>) and the yield of major crops has improved substantially. Rice production in Uchiza and Tocache, has reached up to 6 MT/ha for land under irrigation. The PEAH Project, with security provided by the Peruvian Army continue to do major rehabilitation and maintenance of the main highway and subsidiary roads, as well as the construction of provisional waterways for the traffic in those places where the bridges were destroyed by terrorists. Travel time between two major points along the HV has been reduced, allowing the increased legal crop production to exit the Valley and to reach the regions of demand in the Sierra and along the Coast. Temporary employment was provided by the UHAD Project through a thousand small scale community works.

Tulumayo Bridge, is being repaired by the private sector and will be finished during the next quarter. In addition to the new pilot activities, income generation projects implemented by NGO's were started in conformance with the goals of decentralization moving PEAH from its role as project implementator to one of financier and monitor.

By the end of the period, all the CY-92 allocated funds (grant and loan) will be used. No money will remain for next year.

**D. Problems and Delays**

Security and high coca prices remain as problems for the UHAD development. However, the general security situation in the northern half of San Martin has improved greatly over the past six months. There is free movement of the people and commerce, even in the rural areas. People's attitudes about the future are optimistic, especially in the HV. PEAH's extensionists have worked out with serious problems. In some areas, the military has conducted exercises and has captured terrorists, but the area remains dangerous. The ability of USAID project management staff to travel to various parts of the project sites has increased as compared with what was mentioned in previous reports. Coordination with US Embassy security personnel and in with local and military authorities is undertaken before each trip.

A UHAD audit was programmed for July 1992. However, because of INADE's "Resolution Jefatural" RJ-114-91-INADE-1102, which ordered PEAH's administrative and personnel reorganization, the programmed audit was postponed until the first quarter of 1993. OER/SPD notified the A.I.D./Controller of the changes.

The negative values showed in 1.B Financial Data are due to the rescheduling of PEAH's activities and reduction of programmed budget.

The road rehabilitation and maintenance component is of enormous importance for the success of the UHAD project because it will strengthen complementary production and information services in the project area. Therefore, it is of vital necessity to allocate funds to the Selva Coastal Road Rehabilitation Project because it will benefit people living in the UH and will complement future SER Project.

**E. Major Activities or Corrective Actions During the Next Six Months (Assuming UHAD PP Amendment is approved)**

Road repair and maintenance will continue for the next three months on the 80 km. of road, north of Tocache.

The Picota bridge should be finished in seven months.

The processing plants under construction are expected to begin the start-up operations by the end of November. Administrative and technical training for the agro-industry personnel should be programmed during the next six months.

PEAH/INADE will work more actively with municipal governments (democratically elected), with local non-governmental agencies (ONG's), and with contractors to fulfill the 1992-1993 workplan.

Operational Plans for 1993 will be developed with PEAH, municipal mayors, and local authorities of the HV.

Complete project evaluation (PES) using "Lessons Learned" study as the basis and submit to Washington (Dec. 1992).

Sign ProAg for amended project.

Begin new Title III funded activities, expand Cuenca and DCD programs.

The Project purpose will be modified by new Amendment.

<sup>1</sup> Weather and lack of credit conditions caused the decrease of hectares harvested to 43,800 in 1991.

PROJECT STATUS REPORT  
April 1, 1992 - September 30, 1992

The Picota bridge will connect the valleys with the main highway. The project includes the construction of access roads on both sides of the bridge. The access road on the east side of the river will connect with the feeder road into the Ponaza valley. This feeder road will be rehabilitated and 55 meter bridge will be constructed across the Ponaza river to coincide with the opening of the Picota Bridge. When additional ESF funds are approved by Washington, a road connecting with the feeder road in Biabo will be constructed. The completion of the Picota bridge will be a major accomplishment for the alternative development project and will provide a major psychological boost in convincing the local population that USG is serious in implementing programs to provide farmers with viable alternatives to coca production. The opening of the bridge will benefit approximately 11,000 people.

UHAD project is increasingly working and developing activities with women participation. Some of the activities being carried on are the "Ferias", where women are involved in the construction of booths and selling process of agricultural products. The above activity is called "Club de la Mujer Rural". In the "Club de Madres" activity, women involved prepare or elaborate local fruit jams, milk products (yogurt, cheese) and other agricultural based products to be sold in the local market. With the above activities women are bringing to their home additional income.

On May, 1992 PEAH refunded to USAID the amount of \$43,000 (Research, \$13,000; Extension, \$28,000; and, Training, \$2,000). Based on Price Waterhouse (Auditing Company) recommendation report (period ending on March 1990) PEAH used in 1986 a loan funded salary money to finance activities that were not specified in the US-GOP agreement.

The pilot integrated development activities in the Ponaza Valley began in late August 1992. This activity has completed 8 Km of road rehabilitation, initiated construction of a health center, 6 community nurseries, one eight classroom school building, one potable water distribution system and eight separate classrooms at different locations. All of these activities are part of an agreement to provide development packages to communities in return for a voluntary reduction of the area planted to coca. An equipment pool of Proyecto Especial Alto Hual'aga (PEAH) was transferred from the Tocache area to Ponaza to rehabilitate the 40 Km road. As of September 23, 1992 the equipment had rehabilitated approx. 8 Km of road between Huanipo and Alfonso Ugarte. It is now working on the 5 Km between Alfonso Ugarte and Shamboyacu. This portion of the road is critical in convincing farmers to abandon coca production for licit crops because it is located near areas where coca is produced. According to local sources in the Ponaza Valley area, farmers are not earning much from coca. Due to terrorism and health risk factors they want to change to licit crops. At the present time, however, because of the lack of farm to market roads there is no viable alternative to coca production.

In the province of Tocache, a pilot activity Municipalities in Action Project (MEA) began in May 1992 and has already completed 28 out of 30 community projects during the first phase. The response to new pilot activities by all levels of government (local, regional, national) and by the citizens, has been overwhelming. The purpose of this MEA Project is to promote greater community involvement in government activities and provide small scale community development projects. The MEA program has already finished the programmed works: 18 classrooms; 7 health centers, three potable water systems and two small hanging bridges and the Municipality of Tocache has already signed an additional clause to program a series of additional 17 community works for the next months.

An in-house evaluation of the MEA Project showed that the provincial government has done a good job in developing community participation and has responded positively to suggestions from USAID on how to improve the project.

PEAH has released loans for the installation of several agro-industries: two animal feed processing plants for poultry and swine, one yucca flour processing plant, one banana flour processing plant and the civil infrastructures of the above plants are almost finished. The machinery needed was manufactured in Peru and is ready to be installed in its respective agro-industrial area. A fruit and juice (pineapple, papaya, carambola, orange) processing plant of 95.8 MT/month capacity was installed in Tingo Maria. The machinery installation of all agroindustries is expected to be finished by the end of November. The small and medium processing plants will reduce the cost of production and transportation, and will maintain demand and prices of local crops.

During previous administrations, PEAH significantly increased its technical and administrative staff. After several meetings during the reporting period between AID/OER/SPD staff and INADE/PEAH officials it was determined that PEAH staff should be reduced because of the redefinition of PEAH's role in project implementation. PEAH's new role is defined as administrating and monitoring project funds rather than implementing. INADE issued an order to reduce PEAH's personnel from 355 people to 150 people. This personnel reduction will be completed by the end of December 1992.

The "Lessons Learned" evaluation of the UHAD Project started on April 20 with the arrival of the Tropical Research and Development Contract Team. The results of the evaluation will be used for the SER Project design and as a project evaluation.

**Overall Status:**

Security problems have continued to plague the UHAD Project, and, coca prices have remained high enough to maintain its profitability compared to alternative crops despite the improvements made in the productivity of some legal crops.

Nonetheless, technical assistance and other services that PEAH offers continue to be

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PERU PIPELINE REPORT  
AS OF: 30-Sep-92

PROJECT #	PROJECT TITLE	B/L START DATE	PACD	LOP	OBLIGATIONS (A)	EARMARKS	COMMITMENTS	DISBURSEMENT	ACCRUALS	ACCUMULATED		PIPELINE (A-B)	EXPENDITURES		% OF		RATIOS	
										EXPENDITURES (E)	ADVANCES		% OF OBLIG (X)	% OF LOP ELAPSED (Y)	(Z)	(Z/X)	(Z/Y)	
7071311.00	INTERNAT. DISASTER ASSIST-GRANT	01-Jan-91	30-May-91		113,459	113,459	113,459	113,459	0	113,459	0	0	100.00%	72.52%	100.00%	1.00	1.35	
9365542.02	PERU RESEARCH GRANT PROPOSALS	12-May-89	31-Dec-91		295,622	295,227	295,227	294,940	0	294,940	267	267	99.90%	99.77%	100.00%	1.00	1.00	
7682055.00	ADRA/DFASA: SUFF. DROUGHT AREAS	30-Sep-92	30-Jun-93		1,243,153	1,243,153	1,243,153	0	0	0	1,243,153	0	0.00%	0.00%	0.00%	0.00	0.00	
7652055.01	CARE: SUPPORT DROUGHT AREAS	30-Sep-92	30-Jun-93		746,000	746,000	746,000	0	0	0	746,000	0	0.00%	0.00%	0.00%	0.00	0.00	
7652058.02	CARITAS: SUPPORT DROUGHT AREAS	30-Sep-92	30-Jun-93		831,890	831,890	831,890	0	0	0	831,890	0	0.00%	0.00%	0.00%	0.00	0.00	
TOTAL					263,400,291	263,400,291	224,575,641	198,185,518	0,000,000	263,400,291	3,264,568	78,975,314						