

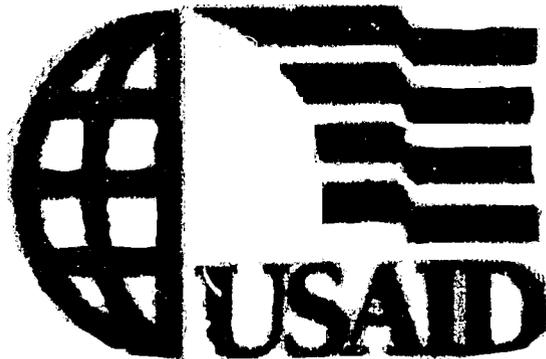
ANDEAN COUNTER-DRUG INITIATIVE

OBJECTIVE IV:

SUSTAINABLE DEVELOPMENT AND THE

COUNTER-NARCOTICS STRATEGY:

TRANSITION TO NEW REALITIES



SEMI-ANNUAL REPORT

(October 1992 - March 1993)

AGENCY FOR INTERNATIONAL DEVELOPMENT

OCTOBER 1993

TABLE OF CONTENTS

CONTENTS	PAGE
Andean Regional:	The Problem 3 Sustainable Development and the Counter-Narcotics Strategy 3 Sustainable Development and the USG's Counter-Narcotics Strategy 4 Sustainable Development and Counter-Narcotics Funding 6
Bolivia:	The Problem 7 Sustainable Development and the Counter-Narcotics Strategy 8 Sustainable Development and Counter-Narcotics Portfolio 10 Results to Date 11 Macro Level Successes 11 Project Level Successes 11
Colombia:	The Problem 15 Sustainable Development and the Counter-Narcotics Strategy 15 Sustainable Development and Counter-Narcotics Portfolio 17 Results to Date 18 Economic Reform and Growth 18 Justice Sector 19
Peru:	The Problem 22 Sustainable Development and the Counter-Narcotics Strategy 22 Sustainable Development and Counter-Narcotics Portfolio 24 Results to Date 25 Economic Stabilization 25 Private Sector Growth 27 Coca-Growing Areas 27 Drug Awareness 29 Administration of Justice and Human Rights . . . 30
Ecuador:	The Problem 31 Sustainable Development and the Counter-Narcotics Strategy 31 Results to Date 31
Annex A:	A.I.D. Project Accomplishments to Date

ANDEAN REGIONAL: THE PROBLEM

Coca production and cocaine consumption reached unprecedented levels during the 1980s. The Andean countries of Bolivia and Peru, the world's largest coca-producing countries, and Colombia, the biggest trafficker in cocaine, increased their economic dependence on coca and the cocaine industry as the decade progressed. Ecuador experienced some of the negative side effects of this growing drug problem as well. A steep economic decline during this period, particularly in Bolivia and Peru, created incentives for the work force to enter into coca cultivation, processing, and trafficking. As a result of the rise in coca production, accompanied by a decline in legal sectors, an increasing percentage of the jobs, income, and foreign exchange in these countries was generated by illegal, coca-related activities.

Negative Consequences of the Coca Industry

■ *Governments are forced to spend their scarce resources on police, courts, and the military. Private businesses likewise pay a higher cost for security and anti-smuggling efforts.*

■ *Coca displaces legal industries which have better investment and job multipliers; coca has few economic "linkages." Cocaine barons speculate in real estate or keep their profits offshore. Governments lose important tax revenues as industry become clandestine. Single crop dependence is a risky endeavor.*

■ *Huge drug profits reduce government control over economic policies, such as monetary and foreign exchange policies. Coca profits tend to overvalue a currency and thereby hurt the competitiveness of legal exports. Money*

laundering concerns slow badly needed financial reforms.

■ *The cocaine barons and their cartels undermine the rule of law, bribe public officials, intimidate citizens, and in Colombia have assassinated hundreds of government authorities.*

■ *The social cost of coca is also considerable. Drug abuse, particularly when combined with the problems of street children and poverty, have made the cocaine trade a source of social decay.*

■ *Erosion, deforestation, and toxic chemical dumping are causing severe environmental damage in the Amazon basin. In some instances the coca industry has caused widespread migration to ecologically fragile areas.*

ANDEAN REGIONAL: SUSTAINABLE DEVELOPMENT AND THE COUNTER-NARCOTICS STRATEGY

The Agency for International Development (A.I.D.) implements Objective Four (counter-narcotics economic assistance) of the United States Government's (USG) Andean Counter-Drug Initiative to promote sustainable development with a special emphasis on reducing the role of illicit drug production and trafficking in these economies and societies. The objective of this assistance is to strengthen and diversify the legitimate economies of the Andean nations to enable them to replace

coca. The counter-narcotics economic assistance of the A.I.D. program is only one part of a larger, integrated, USG counter-narcotics strategy. The US Government is presently reviewing its entire counter-narcotics strategy. A new policy determination is being prepared.

Counter-narcotics economic assistance under the Andean Strategy supports: area development efforts in coca-growing regions; sustainable economic development projects nationwide that support the creation of legal jobs, income, and exports and help to keep people from having to participate in the coca economy; macro-economic dialogue and policy reform; improved administration of justice; and narcotics awareness and education projects. This collection of projects helps to support nearly every major objective of the USG's counter-narcotics strategy for the Andean region.

A.I.D. projects in coca-growing areas deliver agricultural research, marketing assistance, credit, rural infrastructure, and other services to help farmers shift from illicit to licit crop production. These projects are supported by projects nationwide to bolster national growth, which is one of the best ways to stabilize the economies away from coca. These projects promote trade and investment to expand job creation and trade in the legitimate economy or attempt to improve the quality of life in non-growing regions to prevent both migration and new coca growth through a broad, sustainable economic development strategy.

A.I.D.'s experience with crop substitution has clearly demonstrated that economic assistance to illicit-growing areas alone is not effective. In the Andean region labor is highly mobile, and illicit crop production can spread to other areas rapidly. Therefore, attractive income earning opportunities must be created throughout the economy--making a nationwide sustainable, economic development strategy paramount. Alternative economic opportunities likewise depend upon sound economic policies to maintain diversified economic growth nationwide.

A.I.D. conducts economic policy reform dialogue with Andean governments so the overall economy provides a market-oriented framework within which our counter-narcotics related projects can succeed. Balance of payments support cushions these economies during the difficult transition away from coca-derived income. The USG's economic assistance is conditioned on economic policy and counter-narcotics (eradication, interdiction, and law enforcement) performance by the host country. In certain instances USG assistance has also been conditioned on human rights and/or democracy performance (Peru).

SUSTAINABLE DEVELOPMENT AND THE USG's COUNTER-NARCOTICS STRATEGY

A.I.D.'s counter-narcotics economic assistance under the Andean Strategy has involved unprecedented coordination and melding of counter-narcotics and development policies. A.I.D., the State Department, and the U.S. Law enforcement

community have learned some important economic assistance lessons from the experience of the last four years:

- Crop substitution is not viable. A broader sustainable development approach which includes local participation, democratic institution building, and social programs for the poor is more feasible.
- Broad-based economic development with equity will not stand alone as an element of counter-narcotics strategy. Some host country law enforcement activities must accompany the development effort.
- Drug education and public awareness campaigns are an integral part of a successful counter-narcotics policy.
- A key to a successful Andean counter-narcotics strategy is full and effective coordination among the several agencies of the USG and strong host-country political and popular support in the counter-narcotics effort.

The Andean strategy also includes policies designed to stimulate economic growth through trade. The Andean Trade Preferences Act (ATPA) was passed by the U.S. Congress in November 1991. Passage of the ATPA permits the duty-free entry of many Andean products into the United States for up to ten years. Andean exporters are receiving technical assistance from the U.S. Departments of Agriculture and Commerce to assure that exports under ATPA conform to U.S. import requirements. Bolivia, Colombia, Ecuador, and Peru have qualified for ATPA benefits.

Other donors are also supporting the diversification of the legitimate Andean economies. Most have preferred to make their contributions through the United Nations' Drug Control Program (UNDCP), which implements projects in coca-producing areas of Bolivia, Colombia, and Peru. A.I.D. seeks collaboration with other donors through the UNDCP, the Organization for Economic Cooperation and Development (Development Assistance Committee), and the Dublin Group.

ADMINISTRATION OF JUSTICE

An important part of A.I.D.'s sustainable development mandate is strengthening key democratic institutions, such as justice systems. The aim of these projects is to increase the effectiveness and fairness of the administration of justice in the Andean countries. Growth in drug trafficking and related crime has severely taxed the already over-burdened and outdated justice systems of these nations. As part of an overall institutional strengthening strategy, the projects seek to strengthen capacity to prosecute drug traffickers in their own countries.

NARCOTICS AWARENESS AND EDUCATION

A final component of the strategy is increasing public awareness and changing attitudes toward the drug problem. These projects educate the Andean public on the dangers of the drug trade and create the necessary public will to support counter-narcotics activities. These projects also address the growing problem of drug abuse in the Andes through drug use prevention campaigns and education.

COUNTRY STRATEGIES

Each country's program is tailored to country-specific circumstances and needs. Differences in both the nature of the problem and the strategy to respond to those problems are detailed in the sections that follow. The estimated funding levels for those countries are found directly below.

Andean Regional: Sustainable Development and Counter-Narcotics Funding (US\$ Millions)

COUNTRY	FY 1991 ACTUAL	FY 1992 ACTUAL	FY 1993*	FY 1994** REQUESTED
Bolivia	77	100✧	70	50
Colombia	50	55	20	20
Ecuador	0	6✧	0	0
Peru	60	95	40	30
Totals	187	256	130	100

- Represents pre-rescission levels. Does not include FY 1992 carry-over funds.
- ** President's request level for FY 1994. ESF levels include both cash transfer and project funding.
- ✧ The amount of \$6.2 million was deobligated from Bolivia for Ecuador. Some \$19.7 million was deobligated from the 1992 cash transfer to Bolivia because of levels of coca reduction that were below agreed upon targets.

BOLIVIA: THE PROBLEM

Bolivia is the world's second largest producer of coca leaves and refined cocaine products. Bolivia cultivates approximately 46,000 hectares of coca, which are concentrated in two main growing areas. The Yungas are the source of 25 percent of all coca produced in Bolivia, most of which is used legally for traditional domestic consumption. The tropical lowlands of the Chapare are the source of the other 75 percent of Bolivian coca, most of which is destined for illicit international use. Recent increases in illicit coca in the Yungas could change those proportions. Daily coca leaf prices are widely known, and farmer associations play an active role in marketing.

Bolivia's Coca Industry

- ***Is the number two cultivator of coca worldwide***
- ***Has destroyed more than 40,000 hectares of tropical forest***
- ***Threatens democratic institutions***

Bolivia is the poorest country in South America. Coca has represented an important source of jobs and income for its people, but its relative importance is declining (see "Bolivia: Results to Date" below). Bolivians were driven to illicit coca production during the early to mid-1980s when the Bolivian economy virtually collapsed. In 1992 the Bolivian coca industry is estimated to have accounted for 7.4 percent of the national labor force (including indirect employment), 3.1 percent of GDP, and 38 percent of foreign exchange earnings, according to A.I.D. estimates. However, the value retained in the country is estimated at about 1.5 percent of GDP, equivalent to about 16 percent of the country's merchandise exports. These numbers could increase, however, if Bolivia continues to process more of its raw coca leaves into more profitable cocaine products or if alternative crops fail to maintain certain price stability.

The coca industry also costs the Bolivian economy through environmental damage. Deforestation, soil depletion, destruction of national parks and rain forest reserves, and the dumping of toxic chemicals (used to make cocaine) into the ground and rivers represent the main environmental threats posed by the coca industry. A recent estimate of annual toxic chemical dumping by the coca industry included 7.2 million liters of kerosene or gasoline and 881,600 kilograms of sulfuric acid.

The coca industry also threatens Bolivia's democratic institutions, particularly the justice system. Traffickers have succeeded in corrupting the justice with narco dollars to the detriment of national respect for justice.

BOLIVIA: SUSTAINABLE DEVELOPMENT AND THE COUNTER-NARCOTICS STRATEGY

The long-term solution to the coca problem in Bolivia is sustainable development. The economic assistance strategy in Bolivia under the Andean Counter-Drug Initiative promotes economic development with a special emphasis on providing viable alternatives to the illegal coca economy. The strategy has already begun to help Bolivia make the transition from a coca-based economy to one which relies on legal non-coca sources for income and growth.

The Counter-Narcotics Economic Assistance Strategy in Bolivia

- ***Responds to the root causes of the coca boom: lack of economic opportunity***
- ***Recognizes the high mobility of labor in Bolivia***
- ***Promotes economic growth nationwide***
- ***Gives special attention to the coca-growing Chapare/Cochabamba region***
- ***Helps stem migration to coca growing areas***

Bolivian labor is highly mobile. Thousands of people migrate seasonally to areas where they can earn a living. A.I.D.'s economic assistance strategy has placed the highest importance on nationwide growth, so that a growing economic pie can provide income earning alternatives to coca farmers and laborers but also to those who would otherwise be potential entrants into the coca labor force.

The strategy is to create alternative job opportunities in the Chapare and in the areas where economic growth is strongest--El Alto, La Paz, and Santa Cruz. Improved public awareness and strengthened justice systems are other approaches to discourage the production of coca or cocaine. Economic assistance stimulates the growth which provides alternative jobs throughout the economy, thereby reducing the flow of migratory labor to the Chapare. Efforts are also made to help stem the tide of migrants to the coca-growing areas through improved quality of life and poverty reduction in long established communities.

The strategy stresses economic policy reform, trade, and investment to create the basis for growth and legal foreign exchange in place of coca income. Increased

stability, improved economic policies, and better market opportunities provide the environment for increased investment and trade in order to accelerate macroeconomic growth. Bolivia has met the conditions of the Andean Trade Preference Act, which gives it duty-free access to the U.S. market for specific goods through 2002. Bolivia, however, will need to increase the rate of foreign investment in order to continue rapid economic growth.

A.I.D. is managing a series of projects to facilitate the transition for workers already in or potential entrants to the coca industry, as well as to increase economic growth. The only project completely focused on the coca-growing areas, the Cochabamba Regional Development Project, is also the largest. This project provides farmers with the agricultural technology, equipment, credit, and the rural infrastructure to take advantage of alternative economic opportunities.

This project is complemented by projects operating in both coca-growing and non-growing areas. The remaining projects increase local awareness of the dimensions of the drug problem and improve the efficiency of the justice sector in order to improve the prosecution of narcotics criminals, as well as promote sustainable development.

A.I.D. projects that support the sustainable development mandate and the counter-narcotics strategy in Bolivia are listed on the following page.

SUSTAINABLE DEVELOPMENT AND COUNTER-NARCOTICS PORTFOLIO

USAID/BOLIVIA (Millions)

AREA DEVELOPMENT PROJECTS

PROJECT NAME	PROJECT NUMBER	PROPOSED FUNDING	START/END DATES
COCHABAMBA REGIONAL DEVELOPMENT	511-0617	\$80	FY 1991/97

SUSTAINABLE ECONOMIC DEVELOPMENT PROJECTS

PROJECT NAME	PROJECT NUMBER	PROPOSED FUNDING	START/END DATES
ECONOMIC RECOVERY PROGRAM	511-0605	\$40	FY 1993
ECONOMIC RECOVERY PROGRAM	511-0604	\$46.3	FY 1992
EXPORT PROMOTION	511-0585	\$23.5	FY 1989/95
MICRO AND SMALL ENTERPRISE DEVELOPMENT	511-0596	\$12.7	FY 1988/97
P.L. 480 TITLE II (FOOD FOR WORK)		\$73	FY 1991/94
PRIVATE AGRICULTURAL ORGANIZATIONS	511-0589	\$6.2	FY 1986/93
CARE COMMUNITY DEVELOPMENT	511-0618	\$7	FY 1991/95
COMMUNITY AND CHILD HEALTH	511-0594	\$20	FY 1988/95
ELECTRIFICATION FOR ALTERNATIVE DEVELOPMENT	511-0614	\$16.7	FY 1991/96
NATIONAL RURAL HOUSEHOLD SURVEY	511-0612	\$1	FY 1990/93
ADMINISTRATION OF JUSTICE	511-0626	\$10	FY 1992/98
JUSTICE SECTOR	511-0609	\$2	FY 1988/94

NARCOTICS AWARENESS AND EDUCATION PROJECTS

PROJECT NAME	PROJECT NUMBER	PROPOSED FUNDING	START/END DATES
DRUG AWARENESS AND PREVENTION	511-0613	\$9.2	FY 1991/97

BOLIVIA: RESULTS TO DATE

MACRO LEVEL SUCCESSES

One of the most important results to date is the declining dependence of the Bolivian economy on coca. This is due largely to two factors: growth in the national economy and lower coca prices since 1990. As a result of serious economic reforms, Bolivia has gone from the severe economic crisis in 1985 to a 3.5 percent annual growth rate. The trend is clear--Bolivia is decreasingly dependent on coca for its economic growth and survival.

The Bolivian Economy is Less Dependent on the Illegal Economy of Coca

- *As a percentage of GDP, the coca economy declined from 8.1% in 1988 to 3.1% in 1992*
- *Illegal coca as a share of legal merchandise exports, fell from 84% in 1988 to 38% in 1992*

Trends in Bolivia's economy in 1992 (1993 data not yet available) continued to be positive, which is critical to the overall success of sustainable development. According to official Government of Bolivia information, the downward trend in unemployment continues; actual values are not completely reliable, thereby making trends a more helpful indicator of success. Inflation continued to decline, dwindling from 14.5 percent, the average in the 1989-1992 period, to 7.4 percent for the 12-month period ending in May 1993. The combination of higher economic growth and lower inflation resulted in significantly higher real wage rates. Preliminary data indicate that average private sector wages for licit employment rose by more than 4 percent in 1992.

The volume of exports increased, but lower prices caused overall commodity export values to decrease from \$760 million for 1991 to \$609 million for 1992. Exports are projected to increase to \$650 million in 1993. Whereas the volume of Bolivia's commodity exports increased 8 percent per year since 1985, the value of those same exports declined 0.4 percent a year, without adjusting for inflation. World price stability for Bolivia's major exports remains critical for continued success in diversifying out of coca.

PROJECT LEVEL SUCCESSES

During the first half of FY 1993 the infrastructure and marketing program of the Cochabamba Regional Development Project (CORDEP) came into full operation. More work was completed in constructing bridges (40 kilometers), improving roads (65

kilometers) and generating more jobs in this period than in any previous period. During this period CORDEP approved 141 loans for a value of \$827,102. These loans supported the production or processing of licit agricultural products of the Chapare.

Profitable domestic market outlets for bananas were established. More importantly, a large South American private firm has made the first significant agro-industrial investment in the Chapare, as discussed in the box below.

Agro-Industry in the Chapare

Until recently, the uncertain economic environment of the Chapare has produced only a few modest industrial ventures. Few moved beyond the proposal stage. But the economic situation of the Chapare has improved substantially in the last few years, a fact acknowledged even by critics of Chapare development efforts. Ever increasing shipments of bananas, for example, have captured the attention of not only local buyers but of potential exporters as well.

The Chapare has now arrived as a bona fide investment site with the recent announcement by the large private firm, Vascal, (and its subsidiary, Frutall) to invest in agro-processing in the Chapare. Vascal is a major beverage distributor, and Frutall is the largest manufacturer of fruit juices in Bolivia. After careful analysis, Frutall has decided to commit to the Chapare as its operation moves from using imported fruit concentrates to fresh local juices. The existence of improved varieties of Chapare

citrus and pineapples and their respective high-quality juice assisted in Frutall's decision to shift to local product.

Frutall plans to process six food products in the Chapare: banana, pineapple, passion fruit, heart of palm, and black pepper. They will launch the venture with almost entirely their own funds; A.I.D. may help finance certain processing equipment and provide technical assistance and training. The plant in Chimore will be an integrated tropical products center, including production, purchasing, processing, and marketing. Frutall expects to move its juice extraction to the Chapare this year and start pineapple and heart of palm canning in 1994.

Frutall's plan is to ultimately export its juices to other Southern American countries with assistance from Coca-Cola. Frutall recognizes that the ground work that USAID/Bolivia has done in infrastructure, improved varieties, and agricultural extension has allowed them to consider the Chapare as a commercially viable region.

Another success of the Chapare and Cochabamba Projects to date has been the ability to increase the incomes of poor farmers in the high valleys of Cochabamba, which are often the source of migrant coca labor. The program in the high valleys is implemented by Non-Government Organizations (NGOs). The NGOs have been able to improve the incomes of more than 5,000 families in 220 communities while generating the widespread adoption of soil conservation and reforestation practices. According to initial estimates of a recent sample survey, family income is believed to have dramatically increased in the last three years.

The Export Promotion Project in this period generated \$10 million in exports and created 262 new jobs. The project has generated a total of \$32.6 million of non-traditional exports to date. Approximately \$27.3 million are directly attributable to project assistance. Bolivian client companies have invested roughly \$21.5 million in their export operations. Total foreign investment came to \$5.4 million, of which \$4.6 million are directly attributable to the project. This increased full-time equivalent jobs from both Bolivian and foreign investment in exports by 3,223. New exports included sausage to Peru, copper cement to Brazil and Argentina, and coffee to Europe. Additional foreign investors included an American mining company exploring for gold and silver deposits; a Canadian mining company exploring for gold, silver, and copper; and an Australian mining company prospecting for zinc. The Export Promotion Project requires U.S. firms to certify that no American jobs will be displaced by expanded investments in Bolivia.

How Export Promotion Supports Sustainable Economic Development

Quinoa, one of the America's oldest crops, grows best on Bolivia's altiplano (high plain). For a grain, it has an unusually high levels of protein, vitamins, and minerals. ANAPQUI, an association of quinoa growers from the southern altiplano, had at one time enjoyed modest exports of its crop but was not fully aware of export potential until USAID/Bolivia's Export Promotion Project contacted ANAPQUI prior to the World's Fair in Seville.

With USAID/Bolivia assistance ANAPQUI has reestablished exports in record quantities and

at record prices. As a result of increasing worldwide interest in organically grown foods, USAID/Bolivia arranged that quinoa be certified as an organic product. Organic certification sharply increased demand for quinoa and the prices received by farmers.

Dwindling economic opportunities in Bolivia's altiplano had made those regions "expulsion" zones for migration to coca-growing areas. The recent surge in demand for quinoa reported by ANAPQUI has led to the return of many former altiplano residents.

A 1993 evaluation stated that the successes of the private/public efforts of the Bolivian Narcotics Awareness and Prevention Project could serve as a model for other drug awareness and prevention efforts throughout the world. One of the major recent outputs of the project was the analysis of a drug survey on prevalence and attitudes. The survey was important way for A.I.D. to both better define the nature of the problem that we are trying solve and to provide us impact data on progress toward changing attitudes and usage. These results are described on the following page. (See the project annex for more detailed information on these types of activities).

Highlights of Bolivia's 1992 Drug Survey

Prevalence

- *Bolivia's largest drug problem involves alcohol and tobacco.*
- *Only 1.2% of urban Bolivians use coca base or cocaine in their life time. Approximately 0.3% have used it within the last year.*
- *Coca base and cocaine consumption seem to be highest in areas of production and refinement—Santa Cruz, Montero, Riberalta, and Trinidad.*
- *Most cocaine is consumed by males between the ages of 18-34.*

Attitudes

- *Only 6% of Bolivians favor legalization of marijuana and cocaine.*
- *About 53% of urban Bolivians said, if they were farmers, they would not switch out of coca; 35% said that they would.*
- *Half felt that coca eradication only causes coca to spread to other areas; 26% felt eradication lowers coca production.*
- *Roughly 56% think Alternative Development is strictly crop substitution; only 21% thought it means broader socio-economic development.*

During the last six months, the PL 480 Title II Program continued to provide more than 59,471 person-months of short-term employment to Bolivian workers. The program helped to complete nearly 700 small infrastructure project in both urban and rural areas. It also provided technical assistance and training (farm practices and maternal health) to 3,600 rural families or approximately 23,365 persons. An example of how the program can impact on one individual is described below.

Food for Work - The Economic Safety Net

Franz Calle, 35 years old, is married and has five children. In 1986 he lost his job at the Colquiri mine as a result of the drastic fall in tin prices. Since 1986, he has not been able to find permanent employment and has had to live with his parents in Oruro.

Franz says that if it were not for the USAID/Bolivia PL 480 Title II Municipal Food for Work Program and the support he receives from his parents, he would be forced to leave Oruro and might go to the Chapare to pick coca leaves. He says he does not want to migrate to coca-producing areas because he is an honest person and wants to be a good example to his children and family.

When asked about the Food for Work program in Oruro, he said that it is the only stable source of employment. He is proud to be the leader of his work group and boasts that by working he has become a skilled mason. He is one of 4,000 ex-miners who have worked temporarily on Food for Work projects.

In the last two years the Food for Work program in Oruro has employed 300 workers per month and has built over 100 infrastructure projects for poor communities—potable water systems, sewage systems, street paving, and reforestation.

COLOMBIA: THE PROBLEM

Colombia is the world's largest processor and trafficker of cocaine and the third leading producer of coca. Colombia's cocaine industry is organized into clandestine crime groups, cartels, which have made Colombia the hub for most of the world's cocaine production and marketing. Colombia reaps the greatest profits from the Andean coca industry because of the more lucrative nature of cocaine processing and marketing, compared with coca growing. In addition, Colombia is increasingly a producer of poppies for heroin production.

Colombia's Coca Industry

- *Is linked to the assassination of hundreds of judges, high-ranking political figures, police, other public officials, and ordinary citizens*
- *Increases inflation and causes the overvaluation of the Colombian peso to the detriment of exports*
- *Imposes high security costs on the economy and deters foreign investment and tourism*

COLOMBIA: SUSTAINABLE DEVELOPMENT AND THE COUNTER-NARCOTICS STRATEGY

Assistance to Colombia is based on the Government of Colombia's (GOC) performance in the areas of counter-narcotics and economic liberalization. Colombia has consistently performed very well on both fronts, as certified annually by the President to the U.S. Congress through the International Narcotics Control Strategy Report.

The Counter-Narcotics Economic Assistance Strategy in Colombia consists of three components:

- *Economic liberalization to promote growth*
- *Strengthening of the democratic system*
- *Economic Development in illicit crop areas and key cities*

The first component, economic liberalization (or "Apertura" to the Colombians), is predicated on the need to expand economic opportunity to create viable alternatives

to the cocaine industry. A critical dimension of the strategy is Colombia's drive for greater access to international markets. Fundamental policy reforms, initiated by the GOC and reinforced by policy dialogue on the part of the USG, are positioning Colombia to compete better in international markets, thereby increasing licit jobs and export earnings.

Regarding the second component of the strategy, Colombia adopted a new constitution in 1991 that provided for decentralization of political power and reform of the justice sector. A reformed justice sector will be an important underpinning for stable democracy, will restore public confidence in the government, and will provide the means to prosecute aggressively the country's narcotraffickers. A.I.D. has put its Justice Sector Reform Project (JSRP) at the center of its development activity in Colombia.

The third component of the strategy promotes economic development in and around coca and poppy growing areas and in critical important cities. Support is provided through cash transfers that initially assist Colombia in the payment of official debt. The GOC then provides an equivalent amount of local currency toward mutually agreed upon activities. A.I.D. obligated \$36 million in FY 1992 for the cash transfer program. The local currency funds in 1992 supported projects in Departments of Valle (Cali) and Antioquia (Medellín), where illicit poppy cultivation has taken hold among the indigenous population. The GOC also used the funds for projects in support of the Apertura program. These projects are entirely managed by the GOC. There is no cash transfer program in FY 1993, but several previously funded local currency projects are on-going.

A.I.D. projects that support the sustainable development mandate and the counter-narcotics strategy in Colombia are listed on the following page.

SUSTAINABLE DEVELOPMENT AND COUNTER-NARCOTICS PORTFOLIO

USAID/COLOMBIA (Millions)

SUSTAINABLE ECONOMIC DEVELOPMENT PROJECTS

PROJECT NAME	PROJECT NUMBER	PROJECT FUNDING	START/END DATES
ECONOMIC STABILIZATION PROGRAM	514-9001	\$41	FY 1991
ECONOMIC STABILIZATION PROGRAM	514-9005	\$36	FY 1992
JUSTICE SECTOR REFORM	514-9002	\$36	FY 1991/96

COLOMBIA: RESULTS TO DATE

ECONOMIC REFORM AND GROWTH

Since the end of 1990, the Gaviria Administration has pushed a complete package of reforms through Congress, which has touched on practically every facet of economic and social policy, including: financial and tax laws; exchange rates; labor code; privatization of telecommunications, ports, railroads, and the financial sector; Andean Common Market; and government downsizing, among others. Some recent reforms are outlined in the box below.

COLOMBIA'S RECENT ECONOMIC REFORMS

- | | |
|--|---|
| <ul style="list-style-type: none">■ Trade Policy Reforms- <i>Commercial liberalization with Venezuela and Ecuador</i>- <i>Establishment of an ambitious integration scheme with Mexico and Venezuela called the G-3</i>- <i>Overhaul of the National Customs Service</i> | <ul style="list-style-type: none">■ Market-Oriented Reform- <i>Elimination of restrictions for foreign investment</i>- <i>Implementation of an open-skies policy for airline traffic</i> |
|--|---|

Real GDP grew by 3.3 percent in 1992, compared with 2.2 percent in 1991, despite narcotrafficking and guerrilla violence, electricity rationing, tight monetary policies, and low international prices for coffee.

The Recent Performance of the Colombian Economy Was Encouraging

- *Inflation in April 1993 was the lowest in six years*
- *Unemployment was 9.8% in March 1993, down from 10.8% in December 1992. This meant the creation of 145,000 new licit jobs in 12 months.*
- *Foreign exchange-market risk stabilized, with an average 15% devaluation rate in 1992.*
- *Colombian companies are ready to compete with foreign suppliers and increase exports, according to the latest private sector poll.*

Analysts estimate the cost of anti-guerrilla efforts and repairs to the country's infrastructure to equal to a reduction of 0.6 percent in GDP growth in 1992, or roughly \$260 million dollars. Projections for GDP growth in 1993 are between 3.8 percent and 5 percent.

JUSTICE SECTOR

The Justice Sector Reform Project (JSRP) has promoted a variety of training activities focused on upgrading skills throughout the criminal justice system. An important result of this training has been the strengthening of the Prosecutor General's Office (PGO). Highlights of these training accomplishments are presented in the table below.

JSRP TRAINING ACTIVITIES (October 1992 - March 1993)

TYPE OF TRAINING	AGENCY SUPPORTING THE TRAINING/TRAINING INSTITUTION(S)	NUMBER OF PERSONS TRAINED
US Prosecutorial System Seminar	Prosecutor General's Office (PGO)/Law School of University of Puerto Rico	15
Strategic Management Workshops	PGO/Universidad del Valle	25
Workshops series (5 each) for Employees to Promote Total Quality Culture Processes within the Attorney General's Office (AGO)	AGO/Moralco (consulting firm)	66
Management Skills Learning Workshops	AGO/Arthur Andersen, VHS Editors, and Andes University	22
Management Skills Development Seminars	AGO/Moralco (consulting firm)	58
Strategic Planning Seminars	AGO/Moralco (consulting firm)	41
Criminal Procedure Code Seminars	Supreme Court of Justice/Judicial School	164
Professional Responsibility and Police Integrity Seminar	PGO/ICITAP	24
Witness Security Program Seminar	PGO/ICITAP	4
Financial Crimes Investigation Seminar	PGO/ICITAP	32
Financial Crimes Investigation Seminar	AGO/ICITAP	18

TYPE OF TRAINING	AGENCY SUPPORTING THE TRAINING/TRAINING INSTITUTION(S)	NUMBER OF PERSONS TRAINED
US Prosecutorial System Seminar	Prosecutor General's Office (PGO)/Law School of University of Puerto Rico	15
Instructor Development Seminars	GOC Investigative Agencies, PGO/ICITAP	14
Basic Serology Seminar	GOC Investigative Agencies, PGO/ICITAP	9
Crime Scene Specialist Seminars	GOC Investigative Agencies, PGO/ICITAP	74
FBI National Academy Graduate Training Session	National Police, Administrative Security Department (DAS)/ICITAP	7
American Academy of Forensic Sciences Annual Meeting	Institute of Legal Medicine, the National Police Criminalistic Laboratory, PGO, DAS/ICITAP	8
Investigative Techniques Seminars	Superior Judicial Council, PGO, GOC Investigative Agencies/ICITAP	168
TOTAL		749

An indication of progress in the judicial sector is reflected in a recent public opinion poll published by Colombia's leading newspaper, *El Tiempo*, which reported that the PGO has the highest approval rating (73 percent) of any GOC institution. This positive perception of the justice system has been reinforced by the aggressive actions of the Office of Special Investigations (OSI), the anti-corruption unit of the Attorney General's Office (AGO) which was supported with JSRP funding. In the last year OSI indicted several high level politicians, military officers, and police officers, including the former Director of the National Police, for corruption and illicit enrichment.

Recent Justice Sector Reform Project Accomplishments:

- ***Development of 31 new conciliation centers by the Ministry of Justice. This increases to 70 the total number of conciliation centers created by the JSR Project to reduce case loads.***
- ***All jurisprudence of the Constitutional Court, the State Council, and the Supreme Court of Justice for January 1989 to December 1991 was updated, published, and distributed throughout the justice system.***
- ***Support was provided to draft legislation to amend the Criminal Procedure Code.***
- ***A draft bill of regulations for operations in the justice sector was developed that is consistent with the New Constitution.***
- ***A security plan for judicial personnel was developed.***

PERU: THE PROBLEM

Peru cultivates approximately 60 percent of the world's coca. Coca cultivation is spread throughout Peru, with approximately 50 percent found in the jungle areas of the Huallaga Valley. The cultivation and production of coca is illegal in Peru except for a small area near Cusco, where the coca leaf is used for traditional domestic purposes. However, the laws concerning coca cultivation are not strictly enforced. Peruvian terrorist groups often control marketing and growing areas, making access to information and growers difficult and dangerous. There is little market for coca leaves domestically, and many of Peru's coca farmers are becoming first stage processors of coca paste to increase their earnings. Peru does not yet have a significant problem of drug abuse among its own citizens, although it is increasing.

Peru's Coca Industry

- *Is number one in coca cultivation and number three in cocaine production worldwide*
- *Accounts for 3% of GDP, 3% of the labor force, and 16% of exports*
- *Finances terrorist groups*
- *Corrupts democratic institutions and the Peruvian Society*
- *Dumps more than 400 million liters of poisonous waste annually into the Amazon headwaters*

The expansion of the coca industry has destroyed more than 10 percent of the Peruvian rain forest through chemical dumping, slash and burn land clearing, soil erosion and degradation, and the disruption of delicate ecosystems.

PERU: SUSTAINABLE DEVELOPMENT AND THE COUNTER-NARCOTICS STRATEGY

One of the objectives of the sustainable development strategy in Peru is to revitalize the Peruvian economy and provide viable alternatives to participation in the illegal coca economy. The sustainable development strategy supports an improved economic climate for growth and economic stabilization through balance of payments support, policy dialogue, and a project dedicated to improving economic policy analysis and implementation. It also strengthens key democratic institutions, e.g. the justice system, which also aids in the achievement of counter-narcotics objectives.

The strategy has included improvement of economic opportunities for those in coca-growing areas and other projects to help keep potential migrants out of those areas. The only project completely dedicated to the coca-growing areas is the Upper Huallaga Area Development (UHAD) Project. This project has improved the Jungle Highway or "Carretera Marginal," a transversal that separates the jungle from the Andes mountains, in order to facilitate marketing of alternative crops. The UHAD Project has provided farmers with the agricultural technology, equipment, credit and rural infrastructure needed for the expansion of legal crops, and fostered democratic processes within project areas. The continuous presence of UHAD over the last ten years has helped to gain the confidence of farmers. This support, combined with some farmers' increasing rejection of violence and narco-terrorism, may be encouraging farmers to return to licit activities.

Security remains a key issue. For a time it appeared that terrorists operating in the UHV had curtailed their activities. However, the May 1993 assassination of the Mayor of Tocache, a principal A.I.D. counterpart, raises anew the question of adequate security for project implementation. At this moment future USG policy and funding for continued activities in the UHV are uncertain.

Certain conditions must be met for Alternative Development to be effective in Peru. The first key assumption is that the Government of Peru (GOP) implements comprehensive macroeconomic policy reforms, moving its policies and institutions toward a stable, market-oriented system. The second assumption is that counter-narcotics control efforts result in the disruption of coca markets, thereby making alternatives more attractive. The third necessary assumption is that security and government authority are reestablished in the coca growing regions (Huallaga Valley) and along the country's national highways. Finally, timely and continuous funding from the USG is critical for the projects to be implemented effectively.

A.I.D. projects that support the sustainable development mandate and the counter-narcotics strategy in Peru are listed on the following page.

SUSTAINABLE DEVELOPMENT AND COUNTER-NARCOTICS PORTFOLIO

USAID/PERU (Millions)

AREA DEVELOPMENT PROJECTS

PROJECT NAME	PROJECT NUMBER	PROJECT FUNDING	START/END DATES
UPPER HUALLAGA AREA DEVELOPMENT	527-0244	\$29.8*	FY 1981/94

* Grant amount is \$14.8 million. Loan amount is \$15 million.

SUSTAINABLE ECONOMIC DEVELOPMENT PROJECTS

PROJECT NAME	PROJECT NUMBER	PROJECT FUNDING	START/END DATES
STABILIZATION, TRADE, AND MARKETING	527-0367	\$25	FY 1993
ECONOMIC STABILIZATION AND RECOVERY	527-0344	\$50	FY 1991
EXPORT, TRADE AND DEVELOPMENT	527-0349	\$19.5	FY 1991/97
POLICY ANALYSIS, PLANNING, & IMPLEMENTATION	527-0343	\$7.2	FY 1990/95
ADMINISTRATION OF JUSTICE	527-0303	\$3.5	FY 1986/93

NARCOTICS AWARENESS AND EDUCATION PROJECTS

PROJECT NAME	PROJECT NUMBER	PROJECT FUNDING	START/END DATES
DRUG EDUCATION AND PUBLIC AWARENESS	527-0288	\$6	FY 1985/92
NARCOTICS EDUCATION/COMMUNITY INITIATIVES	527-0347	\$8.8	FY 1992/97

PROJECTS UNDER DESIGN

PROJECT NAME	PROJECT NUMBER	PROJECT FUNDING	START/END DATES
DEMOCRATIC INITIATIVES	527-0356	\$ 10	FY 1994/99
JUDICIAL STRENGTHENING	527-0352	\$ 4	FY 1993/95

PERU: RESULTS TO DATE

The extra-constitutional actions taken by President Fujimori on April 5, 1992 affected A.I.D.'s project funding and impact in 1992. This act led to USG's freezing most new assistance and slowdown or suspension of project activities. The only counter-narcotics, ESF-funded activity that continued to receive financing was the Narcotics Education and Community Initiatives Project, which is managed by a non-governmental organization. Humanitarian food assistance under PL 480 also continued. Following the successful Constituent Congress elections in November 1992 and the Municipal Elections in January 1993, funding resumed for most activities.

ECONOMIC STABILIZATION

Since mid-1990, the GOP has been taking courageous steps to stabilize the economy and produce self-generating economic growth, both of which are prerequisites for sustainable development. The U.S. Mission to Peru, through high-level policy dialogue and Balance-of-Payments support, has worked with the GOP to institute a major new economic revitalization program in which the private sector plays a dominant role.

Economic Stabilization Achievements Continue

- ***Peru cleared all its arrears with international financial institutions (over \$2 billion) by 1992***
- ***Annual inflation declined to 57 percent in 1992, the lowest level in 15 years***
- ***Government revenues in 1992 rose to nine percent of GDP from about four percent in mid-1990***
- ***Privatization provided the GOP with more than \$70 million for social development in 1992***

The initial steps taken through 1992 included measures to stop hyperinflation and reduce the fiscal deficit; the removal of price controls, increases in tax collection and cuts in government spending, combined with an elimination of subsidies; market-determination of the exchange rate and interest rates; liberalization of foreign trade and opening up of the economy to international finance; deregulation of domestic markets; and elimination of government interventions in labor, land, and investment markets. These reforms have helped to renew investor confidence, and foreign investors are demonstrating their confidence by purchasing major public enterprises, such as the state-owned airline.

A.I.D. has exerted influence on reform through the Policy Analysis, Planning and Implementation (PAPI) Project, which is designed to produce policy recommendations that will improve macroeconomic performance. PAPI has financed short-term services of experts in critical areas of the economy, as outlined in Annex A of this document. During the reporting period, the National Confederation of Private Business Institutions (CONFIEP) used PAPI funds to finance research on the legal and financial framework for private investment, promotion of the tourism sector, analysis of exchange rate movements, and an evaluation of municipal tax policies and their impact on the productive sector. The PAPI Project also has organized a training program for representatives of the New Congress (CCD) on policy making, development, and human rights issues.

The political events of April 5, 1992 changed the economic situation on the external front because of the freezing of foreign aid by most bilateral donors. However, following the election of the CCD in November 1992 and Municipal Elections in January 1993, the situation has begun to return to normal.

Improving Relations with the International Financial Institutions (IFI)

In 1990 Peru's accumulated external debt approached \$22 billion, two-thirds of which was in arrears. This amount of external debt was five times the value of exports whereas public debt service obligations were 85% of exports. Both figures were twice the average for countries with debt service difficulties. By the end of 1992 the external debt had climbed above \$24 billion, or more than \$1,000 for every Peruvian man, woman, and child.

The GOP's record of adherence to economic policy conditions has been lauded by the international financial institutions and major bilateral donors:

- *Peru established a track record of implementing the 83 macro-economic conditions under the World Bank's Debt Workout Program for three adjustment loans.*

- *Peru was the first country to successfully complete a Rights Accumulation Program (RAP) of the International Monetary Fund (IMF), earning \$850 million in SDR "rights".*

- *Peru has satisfied over 50 conditions associated with Inter-American Development Bank loans and kept current with repayments.*

- *Peru has met the economic policy conditions of A.I.D. with no backsliding.*

- *Until March 1993, Peru was only servicing World Bank and IMF debt; it received no new money. These net capital outflows severely compressed budgetary expenditures, no doubt contributing to the 1992 recession and delaying the start of sustained economic growth.*

In early 1993 Peru took a major step toward reintegrating itself into the international financial community by clearing its arrears with the International Monetary Fund (IMF) and World Bank and was formally reaccepted as a credit-worthy country. With this action Peru's economic stabilization and recovery program began a new phase in which Peru developed and began to implement a medium-term economic program. It will run through 1995 and, along with the dramatic changes in economic policy to date, should help lead to stabilizing and reactivating the

Peruvian economy. Much will depend, however, on Peru's ability to contain terrorism and maintain a human rights record which will keep donor assistance flowing.

PRIVATE SECTOR GROWTH

The Association of Exporters (ADEX) and the International Executive Service Corps (IESC) have provided technical assistance to improve the competitiveness of exportable products that in the long run will develop new markets and increase exports. The Export, Trade and Development (ETD) Project assisted the UHAD Project by providing management/marketing technical assistance and training for agro-processing ventures in coca-growing regions (fruit, lemon grass, shrimp, banana flour) and other area products (cacao, coffee) for both foreign and domestic markets. A joint public-private council on trade, the Export Sector Panel, has been established to improve coordination and reduce administrative and tax policy barriers to exports. The Panel identified export-related issues for further study and proposals to the GOP.

COCA-GROWING AREAS

During the reporting period, UHAD pilot activities produced some promising results. These activities took place in the Ponaza Valley, a Central Huallaga expansion area for coca cultivation, and in Tocache, an area in the UHV where coca cultivation is on the decline. A key component of the pilot activities was Democratic Community Development (DCD) which helped reestablish people's confidence in local governments and the democratic process. DCD promoted this process by allowing

The Upper Huallaga Area Development Project has to date:

- ***Directly assisted 5,400 farmers to become legal owners of their lands, covering approximately 108,000 hectares.***
- ***Disbursed more than 3,400 agricultural loans worth \$6.7 million***
- ***Rehabilitated and maintained 1,469 kilometers of valley roads***
- ***Provided temporary employment and infrastructure through more than 1,300 small-scale, high-impact community development projects.***

citizens, in a town-meeting setting, to decide what types of community projects they wanted to implement. This was the first step for the communities to mobilize political will to pull away from involvement in narcotics and return to normality. The response of the local population to these activities showed a willingness to voluntarily eradicate coca in exchange for a licit source of income. It was uncertain whether local terrorist

elements would allow such activities to continue and expand, as it could threaten terrorists' coca-related income.

In other areas of the UHV, the UHAD Project provided credit for the construction of agro-industrial processing plants, such as a poultry and swine feed mills and separate plants to produce yucca flour, banana flour, rice, and a fruits and juices. All of the plants are private and began operation during this reporting period. These plants will help maintain demand and bolster prices of local crops, thus increasing farmer income. The by-products from the rice processing will be used for animal feed, thus lowering costs for livestock and fish farm activities in the Tocache area.

Results of the New Strategy in the Huallaga Valley

The UHAD Project recently started integrated development activities with a new approach in the Ponnaza Valley. The people of Ponnaza responded enthusiastically and quickly organized into groups to provide communal labor for the activities. For several of the communities this was the first time that government officials showed any concern about their welfare. In October 1992, an agreement was signed with a community providing assistance in exchange of support for halting the expansion of coca. Apparently, Colombian supported narco-traffickers tried to counter the activities by telling people that they would not succeed. They started to increase the number of drug labs in the area and began the construction of a long landing strip for drug planes on the main access road to the Valley. When the narco-traffickers tried to construct the airport, the community in

which the landing strip was located held a community meeting to discuss the problem. The community local government passed an official resolution which was sent to the GOP requesting assistance to stop the construction, refused employment offered by the Colombians, and confronted the narco-terrorists, telling them that the community wanted no part of their illegal activities and wanted the government to implement law enforcement activities in the Valley. This was done in spite of the serious threat the narco-terrorists posed to their lives. Within a few days after the complaint was received, the Peruvian Army stopped the construction of the airport and arrested several of the narco-traffickers. Terrorist groups also tried to re-enter the Valley (they had been driven out several years before) but were told the same thing—the communities want development, not violence.

The UHAD Project has benefitted from an increase in GOP support for counter-narcotics and security efforts in the Huallaga Valley. For the first time the GOP provided funding for PEAH from its own budget. During the reporting period, the Peruvian Army, with Ministry of Transportation funds, rehabilitated 58 km of the Jungle Highway, between Juanjui and Punta Arenas, within UHAD Project areas. The economic impact for the surrounding area has been enormous. Travel time was reduced from 6 hours to 90 minutes and transportation costs for people and products have dropped by eighty percent.

DRUG AWARENESS

The Center for Drug Information and Education (CEDRO), the implementing agency for the completed Drug Education and Public Awareness Project and the follow-on Narcotics Education and Community Initiatives (NECI) Project, generating public support for counter-narcotics activities. CEDRO is considered a model institution for South America in promoting drug awareness. CEDRO has developed a nationwide drug prevention program and built consensus in support of more aggressive GOP action against drug production and trafficking. CEDRO has formed a unique coalition of leaders from all segments of society, including almost all members of the Constituent Congress (CCD). This group gives the project credibility and access to Peruvians of all walks of life.

Drug Awareness Efforts Have Resulted in:

- ***Text in the New Peruvian Constitution that states "the State fights and condemns the illicit trafficking of drugs."***
- ***Some 76 percent of the population wants the GOP to take action to eradicate the drug problem, according to recent public opinion polls.***

There has been an increasing number of press articles and T.V. reports on coca processing and trafficking during this reporting period, openly calling the attention of the GOP to the problem. More than 43 percent of Peruvians identify drugs as one of the major problems affecting the country, further proof that the NECI Project is raising public awareness of the drug problem.

CEDRO has started to develop drug prevention activities in the Huallaga Valley area, thereby addressing the problem at its roots. Some of the activities include active participation of women and children. CEDRO is coordinating their work with local municipal authorities to emphasize drug prevention awareness and environmental protection in local schools. Recently, CEDRO, local governments, and the Ministry of Education (MOE) held the seventh meeting on Drug Prevention and Education. The meeting was held in Tarapoto (Central Huallaga) and was attended by 47 participants (35 percent women) from sixteen schools from different zones in the UHAD Project area.

The 1993 evaluation of Latin America Narcotics Awareness Programs identified Peru's prevention program as one of the best developed in Latin America with A.I.D. support, particularly with regard to the prevention curriculum, which is being installed in all Peruvian high schools.

ADMINISTRATION OF JUSTICE AND HUMAN RIGHTS

The National Registry of Detainees is now operating and is used by the Public Ministry to constantly monitor the status of persons detained by the police and military. The quality and quantity of its data are constantly being improved.

Peru's National Registry of Detainees - Status to Date

■ A.I.D. has helped to establish an automated National Registry of Detainees in the Public Ministry through a \$356,000 cooperative agreement with the United Nations' Latin American Institute for the Prevention of Crime and the Treatment of Offenders-ILANUD.

■ The Registry is functioning, and formal system testing and improvements will continue through September 1993 when the system should be fully operational.

■ The Registry will be made available to relatives, human rights organizations, defense lawyers, and other legitimately interested parties through the Registry Office in the Public Ministry.

Access through August 1993 is limited to the International Committee of the Red Cross.

■ Until the Registry is fully operational, interested parties can receive information on detainees either through the Red Cross or by direct access to the Special Prosecutor for Human Rights.

■ The Ministry of Defense has recently installed a dedicated phone line to transmit detainee information to the Registry Office. This should improve information flows on military detainees.

■ The Registry is not intended for more general public use to prevent tampering of Registry information.

Achievements in the justice sector include the establishment of a new Office of the Court Administration in the Supreme Court which will modernize and streamline the administration of all courts in the country. Another milestone is the issuance of a law establishing a judicial career, which will assure democratic process and transparency in the assigning of judges within the judicial branch. The Administration of Justice Project has also successfully tested a judicial case-tracking, management system in ten model courts, which eventually will be extended to other Peruvian courts. The project has installed fully automated case-tracking systems in 30 prosecutors' offices in Lima. A new project is currently under design which will further strengthen Peru's justice system.

ECUADOR: THE PROBLEM

Ecuador, unlike its neighbors, does not have a significant coca cultivation and processing problem. However, it is a transit country for coca products, precursor chemicals used to refine cocaine, and money laundering. The USG has had a sustainable development program in Ecuador for many years. A.I.D. has helped assemble the economic reform package that the Government of Ecuador (GOE) is now carrying out.

ECUADOR: SUSTAINABLE DEVELOPMENT AND THE COUNTER-NARCOTICS STRATEGY

The strategy supported by the USG in Ecuador promotes economic policy reforms and GOE counter-narcotics actions with the \$6.2 million Economic Support Funds (ESF) cash transfer program.

The GOE has announced wide-ranging economic policy reforms policies and the streamlining of government. Privatization is a top priority. Finally, as part of the ESF agreement, the GOE agreed to support specific counter-narcotics efforts.

The USG strategy also has included narcotics awareness and education efforts.

ECUADOR: RESULTS TO DATE

It is too early to see the results of Ecuador's most recent economic reforms. The Sixto Duran Ballen Government has inherited serious macroeconomic and structural challenges that it needs to resolve if Ecuador is not to fall behind other reform-minded Latin American economies. The GOE has begun work on reforms as part of the ESF agreement. Economic policy changes currently underway include: the reduction of inflation through lower fiscal deficits, increased incentives for the productive sector, repayment of international obligations, and the reduction of subsidies and price distortions that worsen income distribution. Ecuador met all conditions for benefits under the Andean Trade Preference Act in April 1993.

Recent reforms in the area of narcotics policy have been significant, and A.I.D.'s activities have served to educate Ecuadorian officials and public on U.S. drug policies and on the dangers drugs pose to their society. Ecuador has passed strong laws and regulations to criminalize and control trafficking in illicit narcotic plants, drugs, chemicals and narco-assets; has centralized drug enforcement in the narcotics police; legalized a drug control role for the Armed Forces; adopted bilateral accords to control chemicals and money laundering; and established a cabinet-level drug council to coordinate national drug policy and efforts. In 1991 it signed a chemical

control agreement. In September 1991 Ecuador passed comprehensive anti-narcotics legislation based on the UN convention and OAS model regulations. The GOE has also signed anti-drug cooperation agreements with other South and Central American governments and participates in regional and multilateral anti-drug fora. On August 7, 1992 the GOE Minister of Foreign Affairs signed a bilateral money laundering agreement with the USG.

To date, the GOE has met all conditionality for USG funding, and A.I.D. has disbursed the U.S. dollars which were used to finance equipment and commodity imports from the United States.

ANNEX A

A.I.D. SUSTAINABLE DEVELOPMENT AND COUNTER-NARCOTICS: PROJECT ACCOMPLISHMENTS TO DATE

CONTENTS	PAGE
Bolivia	
Cochabamba Regional Development Project (511-0617)	A-2
Economic Recovery Program (511-0604)	A-9
Export Promotion (511-0585)	A-14
Micro and Small Enterprise Development (511-0596)	A-17
P.L. 480 Title II (Food for Work)	A-21
Private Agricultural Organizations (511-0589)	A-27
Administration of Justice (511-0626)	A-31
Care Community Development (511-0618)	A-33
Community and Child Health (511-0594)	A-35
Drug Awareness and Education (511-0613)	A-37
Electrification for Alternative Development (511-0614)	A-41
Justice Sector (511-0609)	A-43
National Rural Household Survey (511-0612)	A-46
Colombia	
Economic Stabilization Program (514-9005)	A-47
Justice Sector Reform (514-9002)	A-51
Peru	
Economic Stabilization and Recovery (527-0344)	A-75
Export, Trade, and Development (527-0349)	A-78
Upper Huallaga Area Development (527-0244)	A-81
Administration of Justice (527-0303)	A-87
Narcotics Education and Community Initiatives (527-0347)	A-91
Policy Analysis, Planning, & Implementation (527-0343)	A-94
Sustainable Development Projects in Design	A-101
Glossary of Terms	A-102

BOLIVIA

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
Cochabamba Regional Development	511-0617	1991-1997	\$80 million	\$15.7 million

PROJECT PURPOSE: To develop alternative sources of income and employment for people within the Department of Cochabamba.

PROJECT DESCRIPTION: The project consists of three interrelated components: 1) marketing, 2) capital resources, and 3) sustainable agricultural production. A private marketing unit is being established to provide assistance to private sector entities in the marketing of new and traditional products. Decisions on crop research and extension, crop production, and where to construct farm to market roads will all be based on information provided by this marketing unit. Grants for farm inputs will be available to farmers participating in the eradication program, and credit will be available for all beneficiaries.

GENERAL COMMENTS:

BANANA

- Some 151,000 Grand Ney and Williams Banana (improved varieties) vitroplants were imported during this semester. To date more than 160,000 vitroplants have arrived in the Chapare.
- Five of the ten small packing sheds constructed in San Luis are functioning on a regular basis.
- A Banana disease and pest control expert provided key information for a production manual and instituted a program of preventative measures.
- Four of the Bolivian Institute of Agricultural Technology for Chapare (IBTA/Chapare) extension agents, trained in banana production and post-harvest techniques in Costa Rica, were reincorporated into the IBTA/Chapare extension force.
- An Argentine public health inspection team visited Chapare packing and handling facilities to make recommendations concerning the export of the Banana Producers of the Chapare's (UNABANA) bananas to Argentina.
- The first three hectares of Grand Ney and Williams variety bananas have come into production, producing 30 percent more fruit per plant and providing a world class export quality product.

PINEAPPLE

- The pineapple packing plant at Mariposas is 90 percent completed.
- More than 80,000 pineapple vitroplants were imported which will produce 180,000 disease free suckers.
- Some 525,000 Cayena Lisa pineapple suckers were imported from Colombia and distributed to a 12.5 hectare nursery, benefiting 50 farm

10

families.

- The pineapple harvest exceeded expectations with an estimated 2,400 tons sold for about \$420,000 to producers.

PALM HEARTS

- The community nurseries in Tacuaral and Isinuta in the Chapare distributed 30,000 seedlings to 30 farm families.
- Palm hearts, currently in nurseries and in seed beds, are expected to provide 390,000 seedlings for an additional 112 hectares of commercial Palm Heart plantings.

OTHER CROPS

Achiote, citrus, and passion fruit are receiving expanded attention; ginger, papaya, tumeric, pepper, coffee, and cacao continue to receive limited attention.

EXTENSION

- Nine agriculture extension agents from IBTA are working full-time in support of the Agricultural Incentive Fund for farmers to reduce coca cultivation.
- Some 16 IBTA extension agents worked with an estimated 2,000 families in over 100 Chapare communities.
- An additional 93 extension agents with 21 Non-Governmental Organizations (NGOs) work with 6,800 families in 220 communities.
- Approximately 12,065 farmers received technical assistance and/or training during this reporting period in the Chapare and the Highlands from IBTA/Chapare and from NGOs.
- The IBTA extension offices in Ivirgarzama and Isinuta are 80 percent completed.

MARKETING

- Progress in the development of product lines and domestic sales point to momentum being built under the marketing portion of the project. Product development, however, is time consuming because it involves improving each link in the chain from producer to consumer. One of the early lessons learned from CORDEP product development and marketing efforts is that trying to find markets for mixed quality produce from traditional producers after harvest is not viable. This is why the CORDEP project is market driven; markets need to be developed first and then production modified to deliver what the market needs.
- A recent trial shipment of export quality bananas to La Paz succeeded in creating demand for four times as many bananas on a monthly basis. USAID/Bolivia estimates that the market in La Paz alone for export quality bananas is 30 truck loads (roughly 17.5 metric tons per truck load) a week, compared to the current level of 4 truck loads a month. A similar effort in banana marketing will soon be attempted in Santa Cruz.

- **Aggressive product development and marketing directly benefits farmers. Farm gate prices of bananas in the Chapare are rising, up from the usual \$7.5 Bolivianos per unit (roughly 750 bananas) to \$12 Bolivianos for export quality bananas. The result is that farmers' incomes from alternatives are increasing.**

CREDIT

- **During this reporting period 141 loans were approved for a value of \$827,102 for the production or processing of Chapare products. This raised the total credit approved for the Chapare to \$1,181,902, or 74 percent of all funds for credit approved by Agro-Capital to date.**

NGOs

- **As in previous reports, all NGO activities refer to work done in the high valleys of Cochabamba. During this current reporting period a total of 23 NGOs were funded. They provided financing for 75 Agricultural production projects and 15 Agricultural support projects for 5,861 families in 220 communities. The main NGO activities included improving soil and water conservation practices and multi-purpose water projects. Road and sewer systems were also improved. Activities to strengthen NGOs included working with them to improve their fund raising capacity, project management, and monitoring. In some cases commodities, such as office equipment and vehicles, are provided as well. One of the assisted NGOs is being terminated for unsatisfactory performance.**

STATUS OF DATA TRACKING SYSTEM

- **The Integrated Management Information System (IMIS) holds financial and implementation data on all construction and credit activities which have been concluded or which are contained in the current CORDEP Work Plan, as well as those coca reduction and socio-economic development actions carried out by DIRECO. Using the DIRECO coding system, project and coca reduction activities are located by Province, Micro Region, Central and Sindicato. Yet to be included in the IMIS data base are training courses, Ley 1008 seminars, distributions of plants, and most IBTA extension activities.**

dfc

Cochabamba Regional Development Project (511-0617)

BOLIVIA

INDICATOR	JUL 92 - SEP 92*	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
STRATEGIC OBJECTIVE INDICATORS (ALL CHAPARE)				
Exports (TOTAL) (\$)	\$15,780	\$42,101	\$64,881	0.6% of LOP target of \$10.59 million. Consumer price, <u>not</u> farmgate value.
- Bananas	\$7,140	\$14,201	\$28,341	0.4% of LOP target of \$6.93 million
- Pineapples	\$0	\$0	\$0	LOP target of \$3.14 million
- Processed Tumeric	\$8,640	\$27,900	\$36,540	10.7% of LOP target of \$340,000
- Ginger	\$0	\$0	\$0	LOP target of \$181,500
DOMESTIC MARKET SALES	N/A	\$178,402	\$178,402	This is a new indicator. Includes pineapple, banana, Valencia oranges, and ginger. Crops marketed without direct assistance from the project were valued at \$490,600
PURPOSE INDICATORS				
Agricultural Production (metric tons)				
- Bananas	96	150	246	1% of LOP target of 22,770 metric tons
- Pineapples	0	2,400	2,400	23% of LOP target of 10,463 metric tons

21

Cochabamba Regional Development Project (511-0617)

BOLIVIA

INDICATOR	JUL 92 - SEP 92*	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
- Processed Tumeric	12	0	12	2.4% of LOP target of 500 metric tons
- Ginger	0	0	0	LOP target of 500 metric tons
Hectares Cultivated with Improved Varieties	911	466	1,377	10.6% of LOP target of 13,000 hectares
OUTPUT INDICATORS				
Successful Product Lines Implemented (CHAPARE)	2	3	5	42% of LOP target of 12. Implementing a product line encompasses the analysis of each step needed to move the product from the producer to the consumer.
Successful Product Lines Implemented (HIGHLANDS)	2	1	3	23% of LOP target of 13
Number of farmers trained (CHAPARE)	2,596	4,952	7,548	50% of LOP target of 15,000. Technically, this is the number of farmer training events and may include the same farmer trained on different occasions.
Number of farmers trained (HIGHLANDS)	125	5,594	5,719	168% of LOP target of 3,400. Refers to farmer training events.

67

Cochabamba Regional Development Project (511-0617)

BOLIVIA

INDICATOR	JUL 92 - SEP 92*	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
Number of farmers receiving technical assistance (CHAPARE)	1,481	6,471	7,952	53% of LOP target of 15,000. Refers to farmer technical assistance events.
Number of farmers receiving technical assistance (HIGHLANDS)	1,038	5,094	6,132	61% of LOP target of 10,000
Community Projects Constructed				
- Livestock production centers (CHAPARE)	0	5	5	3.8% of LOP target of 130
- Packing sheds/cold storage (CHAPARE)	12	11	23	19% of LOP target of 120
- Community nurseries (CHAPARE)	8	10	18	15% of LOP target of 120
Rural roads upgraded (kilometers) (CHAPARE)	0	65	65	8.6% of LOP target of 750 kilometers
Rural roads upgraded (kilometers) (HIGHLANDS)	0	40	40	16% of LOP target of 250 kilometers
Bridges constructed (CHAPARE)	0	1	1	10% of LOP target of 10
Bridges constructed (HIGHLANDS)	0	7	7	63% of LOP target of 11
Non-Government Organizations strengthened (HIGHLANDS)	16	1	23	287% of LOP target of 8
Agricultural Credit Indicators				
Number of loans (CHAPARE)	58	141	199	Credit will be market-driven; no LOP targets other than for agribusiness will be assigned.

16.

Cochabamba Regional Development Project (511-0617)

BOLIVIA

INDICATOR	JUL 92 - SEP 92*	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
Number of loans (HIGHLANDS)	14	207	221	
Amount Approved (CHAPARE)	\$354,800	\$827,102	\$1,181,902	
Amount Approved (HIGHLANDS)	\$80,800	\$336,669	\$417,469	
Agribusiness loans (CHAPARE)	0	10	10	66% of LOP target of 15
Agribusiness loans (HIGHLANDS)	0	2	2	40% of LOP target of 5
Total area financed (hectares) (CHAPARE)	469	1,368	1,837	
Total area financed (hectares) (HIGHLANDS)	7	118	125	

* The project began July 1. Therefore, the first reporting period begins with July rather than with April as with the other projects in this report.

40

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
FY 1992 Economic Recovery Program	511-0604	1992/1993	\$66 million	\$44 million

PROJECT PURPOSE: To provide balance of payments assistance in support of the Government of Bolivia's (GOB) economic recovery program, to offset foreign exchange losses from reduction in the cocaine trade, and to help pay for investment in alternative industries.

PROJECT DESCRIPTION: The \$66 million finances the GOB's official debt to the U.S. or international financial institutions. The local currency proceeds of the program are being used to finance local currency counterparts to USAID and multilateral development organizations' (MDOs') projects in support of the counter-narcotics economic assistance program and the USAID Trust Fund.

GENERAL COMMENTS: As a result of meeting all Conditions Precedent (CP) for the second tranche, USAID/Bolivia approved disbursement of \$22 million to the GOB's Bolivian Central Bank (BCB) Dollar Separate Account. These CPs included an eradication target of 4,200 hectares of coca starting from February 1, 1992, which was met by December 2, 1992. As of the end of 1992, a total of 4,626 hectares was eradicated starting from February 1, 1992 or 426 hectares over the target for the second tranche. Therefore, the GOB qualified for a proportional third tranche of \$2,323,830 based on the formula given under section 3.6 (a) (1) of the FY 1992 agreement. The \$19.7 million planned for the third tranche disbursement was deobligated.

A total of \$33.2 million dollars was used by the BCB for official debt service to the U.S. and MDOs by March 31, 1993. It is expected that during the next reporting period, they will have used all of the FY 1992 ESF dollars. This is based upon the GOB's current plan for completing the deposits corresponding to the total dollar grant through May 1993 (i.e., the equivalent of \$34.7 million).

As a result of the third tranche of only \$2.3 million, the corresponding 75% local currency (LC) generation for this tranche was reduced substantially (i.e., equivalent loss of \$14.7 million). This LC reduction is being distributed between the USAID and MDO projects through a joint reprogramming exercise based upon an analysis of each project's contribution to USAID's strategic objectives, spending performance, existing pipeline, and LC requirements through the end of CY 1993.

FY 1992 Economic Recovery Program (511-0604)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - DEC 92	CUMULATIVE JAN - DEC 92	COMMENTS
ESF AGREEMENT INDICATORS				
Inflation Rate	3.6%	1.5%	10.5%	Missed CY 1992 target of 9.6% by 0.9%
Fiscal Deficit as a % of GDP	1.8%	1%	3.7%	Equalled CY 1992 target of 3.7%
Private Investment as a % of GDP	2.7%	2.2%	6.2%	Bettered CY 1992 target of 5.4%
Foreign Exchange Rate (% difference between official and parallel rates)	0.3%	0.2%	NA	Bettered December 1992 target of less than 1%
Hectares of coca eradicated (both forced and voluntary) since February 1992.	2,846	1,170	4,626	28% shortfall of target of 6,400 for February-December 1992. Some 5,149 hectares were eradicated in CY 1992, including January 1992. In the first three months of CY 1993, 882.2 hectares have been eradicated, 22% behind CY 1993 at this time.
Square meters of coca seed beds eradicated	14,438	5,185	24,092	120% of CY 1992 target of 20,000
Implementation of Law 1008				
- Labs destroyed (paste, base, and cocaine)	644	280	1,411	Cumulative represents a correction to figures in December 1992 Embassy's Narcotics Affairs Section (NAS) cable (LA PAZ 01503).
- Seizures of drug assets				
Airplanes	10	5	24	Previous figures revised.
Vehicles	31	22	64	

17

FY 1992 Economic Recovery Program (511-0604)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - DEC 92	CUMULATIVE JAN - DEC 92	COMMENTS
- Well-known traffickers incarcerated	10	10	25	Ten were arrested in a raid north of San Borja in October 1992
Repayment of U.S. or multilateral debt (\$ millions)	\$0	\$33.2	\$33.2	

12

NARRATIVE ON PROGRESS IN SATISFYING ECONOMIC RECOVERY AGREEMENT COVENANTS (1992)

1. Economic stabilization and recovery program maintained	The stabilization program is on track. Data are received regularly.
2. Flexible exchange rate--real value of Boliviano maintained	The GOB has maintained the Boliviano's value in real terms with about a 0.24% difference between the official and parallel rate.
3. Public reform covenants	<p>a) Five state-owned enterprises privatized by December 31, 1992: the GOB started an aggressive privatization program, awarding the following sales of enterprises: FABOCE (Cochabamba), Pollos Bebe (Sucre), Fábrica de Aceites Villamontes (Tarija), Criadero Truchas Piusilla (Cochabamba), and Fábrica de Cerámica (Sucre).</p> <p>b) No increases in public administration employment: the GOB has maintained its goal of no increase in public sector employment; it actually declined by 8% as of December 1992.</p> <p>c) A revised Tax Code to minimize tax evasion was approved by the Congress on May 28, 1992, introducing important changes that strengthened the internal revenue service's tax monitoring, auditing, and enforcement capacity.</p> <p>d) General Law on the Environment approved by Congress and regulations developed: the General Law on the Environment, No. 1333, was approved by the Congress and signed into law by the President on April 27, 1992. A GOB technical committee is developing the regulations with financial support from the PL-480 Secretariat.</p> <p>e) Continued implementation and financing of the SAFCO (anti-corruption) Program by the GOB: During CY 1992 the GOB disbursed the equivalent of \$1.8 million as counterpart for the World Bank/SAFCO Project.</p> <p>f) Increase in GOB resources to the judicial sector: During CY 1992, the GOB disbursed the equivalent of \$12.8 million compared to \$11.8 million in CY 1991, an 8% increase.</p>

12

<p>4. Development covenants</p>	<p>a) Emphasize GOB public investment through projects promoting counter-narcotics economic assistance: the GOB disbursed the equivalent of \$8.5 million to finance the counter-narcotics economic assistance Program through September 30, 1992 (i.e., Fund for Alternative Development (FONADAL), Subsecretary for Alternative Development (SUBDESAL), Program for Alternative Development (PDAR), etc.)</p> <p>b) GOB study on suspending the prohibition against importation and distribution of ground lime stone in Chapare; this study is in process at SUBDESAL.</p> <p>c) GOB resources assigned for road maintenance: SNC estimated that approximately \$25.8 million has been disbursed by the GOB for CY 1992 road maintenance (includes local currency counterpart for La Paz - Oruro recapping) which is 12 percent more than the amount assigned for 1991 (i.e., \$23 million).</p>
<p>5. Anti-terrorism efforts</p>	<p>Four terrorists were arrested. Their sentences are in process at the La Paz Superior District Court. In addition, the sentences for eight Zarate Wilka Terrorists (reported in 1991) were confirmed by the La Paz Superior District Court.</p>
<p>6. Extradition</p>	<p>One extradition occurred in July 1992, Ms. Asunta Roca Suarez.</p>
<p>7. No taxation of the agreement and grant</p>	<p>GOB has complied with the terms of this covenant.</p>

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
Export Promotion	511-0585	1989-1995	\$23.5 million	\$9.9 million

PROJECT PURPOSE: To increase the dollar value of non-traditional exports and related employment by Bolivian and foreign companies to transform the Bolivian economy out of coca activities.

PROJECT DESCRIPTION: The project includes technical assistance to exporters, export financing, and foreign investment promotion. Technical assistance is directed toward production, quality control, marketing, policy dialogue, and export finance. Foreign investment promotion encourages investors to produce in and export from Bolivia.

GENERAL COMMENTS: The project coordinator directed a field review of contractor reporting for 1992, which resulted in reductions in data in this reporting period. Even with these discounts the project is still ahead of all targets except foreign investment. The project (called BOLINVEST) has generated a total of \$32.6 million of non-traditional exports to date. Of that amount approximately \$27.3 million is directly attributable to project assistance. The amount "attributable" to project assistance is gross exports discounted by the probability that the exports may have happened anyway without project assistance.

Bolivian client companies have invested approximately \$21.5 million in their export operations. Foreign investment dropped to \$5.4 million when a mining company reneged on its \$15 million investment contract. Of the \$5.4 million of investment, \$4.6 million is directly attributable to the project. The corresponding increase in full-time equivalent jobs for both Bolivian and foreign investment in exports is 3,223. New export markets include sausage to Peru, copper cement to Brazil and Argentina, and coffee to Europe. Additional foreign investors include an American mining company exploring gold and silver deposits; a Canadian mining company exploring for gold, silver and copper; and an Australian mining company exploring for zinc. The three companies each formed joint ventures with Bolivian firms, and further investment will depend upon the results of their exploration.

A new program (called PROATEC) directs technical assistance to small producers to link them with successful export operations. The program is funded and monitored by PL-480 and managed by the contractor for BOLINVEST. Its purpose is to increase directly the income of small producers. A Ministry of Foreign Relations project to increase the effectiveness of Bolivian commercial attaches in promoting Bolivian exports and foreign investment is still under review.

USAID/Bolivia submitted a plan to A.I.D./Washington, in response to requirements of Section 599 of the Foreign Assistance Act, and is currently implementing that plan. In the U.S. we are targeting sectors such as hydrocarbons and mining where foreign investment would not result in reduced U.S. production or job loss. We also are increasingly targeting other Latin American countries. If it seems likely that a potential U.S. client might decrease their productive capacity in the U.S., the program will not accept him as a client. Clients are also asked to sign certificates in accord with

sh

the tenets of Section 599.

USAID resumed support for the GOB National Institute for Export Promotion (INPEX) in response to increased GOB support. Local currency counterpart funds continue to support the Ministry of Exports and Commercial Competitiveness (MECE) policy initiatives related to exports and international trade. The project disbursed the first tranche of funds for Latin American Agribusiness Development Corporation which will provide credit for agribusiness export projects that fall short of commercial bank lending criteria.

47

Export Promotion (511-0585)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
STRATEGIC OBJECTIVE INDICATORS				
Non-traditional Exports Generated	\$12,200,000	\$10,000,000	\$32,626,000	33% of LOP target
New Jobs Created	1,311	262	3,223	32% of LOP target
PURPOSE INDICATORS				
Foreign Investment in Export Capacity Generated	\$2,640,000	\$2,115,000	\$5,429,000	11% of LOP target
OUTPUT INDICATORS				
Companies Strengthened	-3	17	108	43% of LOP target
Investor Visits	22	42	88	40% of LOP target
Size of Loan Portfolio	\$0	\$1,100,000	\$1,100,000	14% of LOP target
Export Reference Libraries Established	0	0	3	100% of LOP target

of

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
Micro and Small Enterprise Development	511-0596	1988-1997	\$12.7 million	\$5 million

PROJECT PURPOSE: To stimulate the growth and development of the small-scale enterprise sector to provide jobs in non-coca activities through focusing on institutional development of three local organizations that support this sector.

PROJECT DESCRIPTION: The project provides credit, training, technical assistance, and policy formulation to the National Federation of Savings and Loan Cooperatives (FENACRE) and its constituent credit unions; the Foundation for the Promotion of Micro Enterprises (PRODEM); and the Bolivian Federation of Small Industry (FEBOPi) and its affiliates, the Department Small Industries Associations (ADEPIs). Project components include: 1) Institutional Strengthening. Action International (AITEC) provides technical assistance to PRODEM. The World Council of Credit Unions (WOCCU) provides FENACRE and the credit unions with technical assistance: a) to strengthen the credit union system and to conform with new bank superintendency regulations; b) to expand the capacity of participating credit unions to channel credit to small enterprises; and c) to mobilize deposits. WOCCU also assists FEBOPi and the ADEPIs to develop technical assistance, training, and services for small businesses. 2) Credit: USAID/Bolivia will donate approximately \$1,800,000 to PRODEM and \$100,000 to FENACRE/Credit Unions to capitalize credit funds for micro and small enterprises. Credit resources for PRODEM provide loans primarily to production-oriented, micro enterprises. Credit also is made available to small producers through FENACRE and its affiliated credit unions. 3) Policy Research: This component includes research concerning micro and small enterprise sector issues, impediments to sector growth, and training needs. FEBOPi implements this component. 4) Stabilization Fund: This component provides credit unions with technical assistance and capital support to embark upon an internal reform program.

GENERAL COMMENTS: BancoSol, the pioneering outgrowth of A.I.D. assistance to PRODEM, is doing well. The number of active loan clients increased by about 6,500 during the reporting period, increasing BancoSol's total active loan clients to 37,000. A consultant who advised the Bank Rakyat in Indonesia has been in Bolivia twice to help BancoSol develop its savings program, which is expected to be highly successful.

PRODEM, now pursuing its new mandate in rural credit, continues with an aggressive expansion of micro-credit activities in Achacachi, Montero, Oruro, Quillacollo, and Caranavi, and to a more limited extent in Punata, Sacaba, El Torno, Minero, and Yapacaní. The GOB office managing ESF local currency counterpart approved the reprogramming of loan funds from PRODEM's (now BancoSol's) La Paz, El Alto, Santa Cruz, and Cochabamba offices to PRODEM's new rural offices. The PRODEM-BancoSol transition has been finalized. All four offices funded under the project have been transferred to BancoSol. A new Executive Director (the previous director also managed BancoSol) has been appointed to PRODEM. USAID has been supportive of PRODEM's new rural activities. At PRODEM's request, USAID has submitted a preliminary proposal for one-year funding under the centrally funded Anti-Poverty Lending (APPLE) project. The Cooperative Agreement with PRODEM will end in August 1993.

The Law of Banks and Financial Entities was approved by the Congress on March 30, 1993, and promulgated by the President on April 14. The law gives the Superintendency of Banks the authority to supervise the credit union federation (FENACRE) and credit unions that capture deposits from

41

the public or other external sources. The credit unions component of the project has been reformulated, and the GOB, through a Project Agreement Amendment signed on March 31, 1993, has concurred. USAID will sign a new Cooperative Agreement with the World Council of Credit Unions (WOCCU) to undertake a financial stabilization program with credit unions supervised by the Superintendency of Banks. Under the new program, there will be substantially more resources available to micro-enterprises, as well as needed savings services. It is unclear, as yet, whether or not the project will continue to work with FENACRE. Given indications that the credit unions are not supportive of FENACRE, USAID is now asking the credit unions to express their commitment to capitalize their own federation before it expends any further A.I.D. resources on FENACRE. The Cooperative Agreement with FENACRE is in the process of being closed, and remaining resources of over \$3 million will be transferred to the new WOCCU Cooperative Agreement. The amended project will run through September 1997.

FEBOPI has had a complete renovation of its Board of Directors, as well as its executives. Little progress was made in the area of self-sufficiency during the previous tenure (despite heavy pressure from USAID), and the new Board is very concerned about FEBOPI's financial future, particularly since other donor funds do not cover operating expenses. FEBOPI will remain active, however, and will continue negotiations with the City of La Paz to establish a permanent fair ground. The Small Industry Department of the Ministry of Exports and Economic Competitiveness will be transformed into a non-profit foundation controlled by FEBOPI and its associations. The ADEPIs are transforming their structures into Departmental Chambers of Small Industry and Artisanry so that they may accept producers associations in addition to individuals. FEBOPI continues to have a good international reputation; the president of FEBOPI has been appointed president of the Latin American Confederation for Medium and Small Industry. We do not anticipate continued support to FEBOPI after the Cooperative Agreement end date of August 1993.

76

Micro and Small Enterprise Development (511-0596)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
STRATEGIC OBJECTIVE INDICATORS				
New Jobs (PRODEM-BancoSol)*	417	5,079	15,336	1,006% of LOP target
PURPOSE INDICATORS				
Number of Paying Affiliates in FEBOPI	680	882	1,562	FEBOPI membership increased because the project's contribution for operational costs was decreased, resulting in positive efforts by ADEPIs to attract paying affiliates.
Number of Active Borrowers in PRODEM and BancoSol Male (35%) Female (65%)	15,044 (not disaggregated)	2,964 5,509	13,658 35,357	780% of LOP target (Now that Prodem - BancoSol's whole portfolio is being used, gender disaggregation is feasible)
OUTPUT INDICATORS				
Loan Portfolio Outstanding (PRODEM and BancoSol)	\$4,485,578	\$677,198	\$5,162,776	210% of LOP target
Training Courses (FEBOPI)	56	66	365	87% of LOP target
Number of Policy Studies (FEBOPI)	2	1	5	83% of LOP target

* Over the last year the Mission has been grappling with the issue of how to calculate job creation at the micro-enterprise level under the project, where there are thousands of active loan clients. We commissioned a study of a large sample of PRODEM clients and calculated the increase in jobs from the time of the first loan. The loans cumulative received by the sample was then divided by the increase in the number of jobs recorded. This provided a job creation factor of \$4,379. That is, for each \$4,379 of loans, a job is created. We also recently decided to report the number of jobs related to the entire credit program of both PRODEM and its offspring, BANCOSOL. We had previously been reporting on the productive loans (since

only they purportedly produce jobs) of the PRODEM portfolio and on the productive loans of the BancoSol portfolio that (we estimated) derived from USAID funds. In actuality it was virtually impossible to distinguish what came from USAID and what did not. Rather than excessively complicate matters, we finally reached the conclusion that we would have more accurate data by reporting on the entire PRODEM/BancoSol portfolio. We feel this is justified since PRODEM was created largely as a result of USAID efforts. Without USAID assistance PRODEM would not have been able to create BancoSol. Thus, the \$4,379 factor and data from the entire PRODEM/BancoSol loan programs will be used for this and future reports.

GR

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE in FY 1993
PL 480 Title II	None	FY 1991-1994	\$73 million	\$5.3 million

PROJECT PURPOSE: To create short-term employment in non-coca activities through a food for work program.

PROJECT DESCRIPTION:

A. C  ritas

As of October 1, 1992, C  ritas Boliviana took over the Title II Program as a Cooperating Sponsor from Catholic Relief Services. By the end of FY 1992, the maternal child health feeding program was totally phased out. However, child survival services have been continued in 1993 by C  ritas in the northern and eastern part of the country where government health services are scarce. Food rations will continue to be made available to mothers and their pre-school children who suffer severe health and nutrition problems on a case by case basis.

This cooperating sponsor has a highly successful urban food for work program in 5 major cities and 74 rural towns. During the last six months, 479 infrastructure projects were completed and 319 projects are in process of being concluded. An average of 14,772 workers per month have been employed in these cities and rural towns. Based upon an August 1992 evaluation on the food security consequences of the municipal food for work program, C  ritas now supplies tools to workers to improve worker productivity and is shortening the time period a laborer has to work to receive a ration to improve the family food security impact of the program.

With Title II monetization funds, C  ritas is funding 23 small production and income generation projects in the rural areas. C  ritas is working with the poorest farmer groups and with an emphasis on community organization and micro irrigation projects. Impact data are minimal because of the early stages of these projects. According to a recent evaluation, C  ritas should concentrate more on marketing and micro irrigation projects, where it has a comparative advantage, and put less emphasis on complex production activities. During the next six months, projects where C  ritas does not have a comparative advantage will be phased out, and new criteria will be developed for approval of rural development projects receiving monetization funding.

B. ADRA

ADRA continued to carry out its urban food for work program in 3 cities and 11 rural towns, completing 159 projects with 577 projects to be completed by September 1993. The project provided an average of 6,649 workers per month with temporary employment. The total local and counterpart investment in the completed infrastructure projects amounts to approximately \$1 million. ADRA with USAID concurrence withdrew from

11

Santa Cruz in December 1992, after transferring program responsibility to Project Concern International for the urban infrastructure program. ADRA has bought tools for the urban infrastructure program to improve worker productivity, and has reduced beneficiary contributions and the tasks required to earn a ration in order to improve the family food security objective of the program.

Under the Monetization program ADRA carries out rural development projects in the Departments of La Paz and Beni, reaching 164 villages and 3,514 families. ADRA provides these communities with health and sanitation services, agriculture and marketing technical assistance, and training in these fields. In addition, ADRA assists the communities in forestation and in constructing homes, schools, latrines, roads, and bridges.

C. FHI

FHI works in 159 rural communities with an aggregate population of 23,365 in 8 provinces in the Departments of La Paz, Oruro, and Potosi. Its major emphasis is on providing technical assistance and training to approximately 3,600 families in these rural areas to increase subsistence production and improve the health of mothers and their children under five years of age. FHI operates four training and demonstration centers where small farmers participate in hands-on learning in agriculture production, animal husbandry, and the management of water resources. It has a very successful program of constructing potable water wells, micro irrigation systems, and greenhouses, which have increased vegetable production for household consumption in the highlands.

FHI continues to sponsor Pro Women, a U.S. PVO, in an innovative program, funded with monetization proceeds. Pro Women provides 568 women organized into 18 groups in the city of El Alto and rural areas of the highlands with funds for community banks to loan small amounts of money for women-owned businesses. The program provides training and technical assistance to the women in business administration in order to make their commercial activity more profitable.

D. Project Concern International

Project Concern International (PCI) formally took over the food for work municipal infrastructure program in Santa Cruz and Montero in January, 1993. However, with a start-up grant from USAID, PCI in November 1992 began to hire and train personnel, purchase basic equipment, and lease a warehouse for Title II commodities. By January PCI had systems in place to effectively take over the former ADRA program. In addition to continuing the Municipal Food for Work Program, PCI immediately began a complementary food security and nutrition program for the beneficiaries of the Food for Work program. In the first phase they conducted a survey of the nutritional status of the beneficiaries of the program and are just beginning an educational program to increase the beneficiaries' knowledge and practices of nutrition through training and nutritional education in the adequate use of food. The design of the food security component has been based upon the An Assessment of the Income, Food Security and Nutrition Consequences of Urban Food for Work Program in Bolivia, prepared by a team of experts from the Women and Infant Nutrition Support Project.

PCI has showed its ability to operate the Municipal Food for Work Program and Food Security and Complementary Nutrition Project in Santa Cruz. USAID believes that PCI will be successful in reaching its goal of providing temporary employment and nutritional services to 5,301 workers and

79

complete 162 infrastructure projects. At present PCI is carrying out 35 infrastructure projects in Santa Cruz and employing 769 workers per month since March of 1993.

GENERAL COMMENTS: Under the new Title II strategy, the municipal urban food for work program is the major activity of Cáritas, PCI, and ADRA. This continues to be an important component of the Mission's counter-narcotics economic assistance strategy by creating temporary jobs in both the rural and urban areas. The urban municipal infrastructure program is reaching 9 major cities and 86 rural towns. The temporary employment provided by this program contributes to reducing migration to coca growing areas and provides a safety net for the GOB's structural adjustment policies. In addition, the program gives poor neighborhoods access to municipal decision making in constructing needed infrastructure and obtaining social services in their communities, thus supporting the democratic initiative objective of the Mission. Planning Assistance was awarded a grant in June 1992 to strengthen the democratic processes of the program in three major cities and nine towns by training citizen leaders, cooperating sponsor representatives, and municipal officials in citizen participation in planning, financing and implementing projects in poor neighborhoods. The municipal food for work program also increases property value in these poor neighborhoods and will potentially improve the tax base of the municipalities and the central government. In several of the cities, the municipalities are increasing their financial contribution to infrastructure creation in the marginal areas of the city. The food for work program also improves the basic sanitation conditions of the poorest neighborhood, thus contributing to improving the health of the population. The municipal infrastructure program has received extensive positive reporting in the press and television, reflecting favorably on the U.S. Government's Title II program in Bolivia.

The Monetization Program also administers ESF generated funds for special large projects linked to the Municipal Urban Food for Work Program. From FY 1992 and 1993 ESF local currency funds, the Monetization Program will invest, through Cáritas and ADRA, the equivalent of US\$4 million in four major infrastructure projects in Santa Cruz, Sucre, La Paz, and Coroico.

INDICATOR	OCT 92 - MAR 93	COMMENTS (LOP target figures are for FY 1993 targets. Programs are discreet one-year activities. Therefore, no previous period or cumulative is reported in this report because of the fiscal year cycle.)
STRATEGIC OBJECTIVE INDICATORS		
Short-term Jobs Created (person-months)	59,471	29% of LOP target of 207,951
OUTPUT INDICATORS		
Community Forestation Sub projects	102	64% of LOP target
CARITAS	75	90% of LOP target
ADRA	27	36% of LOP target
Garbage Collection Services	18	31% of LOP target
CARITAS	7	56% of LOP target
ADRA	11	24% of LOP target
Greenhouses constructed (FHI)	0	
Irrigation Channels Built	10	
CARITAS	0	
ADRA (Storm drainage)	10	42% of LOP target
FHI	0	
Canal Construction and Maintenance (PCI)	10	63% of LOP target

INDICATOR	OCT 92 - MAR 93	COMMENTS (LOP target figures are for FY 1993 targets. Programs are discreet one-year activities. Therefore, no previous period or cumulative is reported in this report because of the fiscal year cycle.)
Latrines constructed	28	
CARITAS	28	56% of LOP target
ADRA	0	
PCI	0	
Potable Water and Sewage Systems Built	83	57% of LOP target
CARITAS	64	79% of LOP target
ADRA	19	38% of LOP target
FHI	0	
PCI	0	
Number of small-scale, street paving projects	221	Stone paving of streets ranging from two blocks to three kilometers.
CARITAS	160	118% of LOP target
ADRA	61	16% of LOP target
PCI	0	
Water tanks constructed (Cáritas)	0	
Self-Help Housing Construction and Improvement	136	70% of LOP target
CARITAS	129	80% of LOP target

INDICATOR	OCT 92 - MAR 93	COMMENTS (LOP target figures are for FY 1993 targets. Programs are discreet one-year activities. Therefore, no previous period or cumulative is reported in this report because of the fiscal year cycle.)
ADRA	7	22% of LOP target
Animal Drinking Ponds/Corrals/Animal Dips/Canals (FHI - Monetization funds)	0	

50

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
Private Agricultural Organizations	511-0589	1986-1993	\$6.2 million	\$6 million

PROJECT PURPOSE: To strengthen and expand the capacity of private agricultural producer organizations to provide services and increase the non-coca incomes and foreign exchange earnings/savings of its members.

PROJECT DESCRIPTION: The project provided management assistance, technical assistance, training, feasibility studies, and financial support to strengthen private agricultural organizations. The original participating institutions included: Association of Bolivian Flower Producers (ASOBOFLOR), National Association of Oil & Wheat Producers (ANAPO), Federation of Beef Cattle Producers in the Beni and Pando Departments (FEGABENI), and the Cooperative of Integrated Services of Punata (CIS). Other private agricultural organizations later included under the project were: the Beef Cattle Producers in Santa Cruz (FEGASACRUZ), the Banana Producers of the Chapare (UNABANA), and the small farmers around Lake Titicaca (AIPA).

GENERAL COMMENTS: The project focused mainly on the close-out process between October and December 1992. The technical assistance contract terminated on November 30, 1992, and all Development Assistance-funded activities except one were suspended as planned on December 30, 1992, the project's completion date. The Volunteers in Cooperative Assistance contract was extended until March 31, 1993 for administrative reasons.

Work concentrated on technical assistance for managerial strengthening, training, monitoring activities such as wheat marketing, the construction of the ANAPO facilities, marketing credit for corn, the transfer of a building from the Agriculture Chamber of Chuquisaca to the Bi-National Cultural Center in Sucre, and the closing of the offices in Cochabamba, Santa Cruz, and Sucre.

The technical assistance provided by the project contributed to increasing the flower yield (ASOBOFLOR, CIS Cochabamba and Sucre), augmenting the yield and areas planted with wheat (ANAPO), and expanding the milk productivity (AIPA), and of improving bananas in Cochabamba (UNABANA). The installation of a ranch monitoring system and the equipping of the slaughter house will contribute to significant increasing livestock productivity in Santa Cruz. The livestock development study for Beni and Pando is expected to change production practices and productivity in the area of influence of FEGABENI.

Increases in producers' incomes stemming from the Corn Prices and Market Information System (designed by the project) were substantial for FEDEAGRO in Chuquisaca. The project's actions were significant in improving the marketing of other products, such as flowers, bananas, chilies, wheat, cumanda, peanuts, etc.

The Wheat Plan designed by the project contributed to increasing the producers' net income by making better investments in land and equipment, which contributed to the saving of valuable foreign exchange.

54

The bulk of the project resources and actions were aimed at institutional strengthening. The project also strengthened the administrative, financial, technical, and marketing capacities of the associations. As a result the associations are becoming self-sufficient.

One of the project objectives was to increase the integration between indigenous and non-indigenous farmer groups. When the PAOs were strengthened and services improved, the integration between the different groups was also strengthened.

This is the last report for this project.

80

Private Agricultural Organizations (511-0589)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - DEC* 92	CUMULATIVE	COMMENTS
STRATEGIC OBJECTIVE INDICATORS				
Foreign Exchange Savings (\$)	6,600,000	0	\$33,311,180	
Wheat	\$4,900,000	\$0	\$21,711,180	Dollar savings is the result of Bolivia not importing wheat from Argentina or Paraguay.
Soy	\$1,700,000	\$0	\$11,600,000	
PURPOSE INDICATORS				
Local Sales (\$)	27,500	\$0	80,000	
Roses and Carnations	\$2,500	\$0	\$35,000	
Hot pepper	\$25,000	\$0	\$45,000	
OUTPUT INDICATORS				
Hectares of New Crops under Cultivation				
Hectares of flowers cultivated	0	0	12	
Hectares of wheat cultivated	63,354	0	N/A	Annual crop
Hectares of corn cultivated	43,000	15,000	N/A	Annual crop
Hectares of soy cultivated	60,000	180,000	N/A	Annual crop
Number of active members	28,301	28,301	28,301	
Increased number of non-traditional crops being farmed by member organizations	1	0	6	120% of LOP target

61

Private Agricultural Organizations (511-0589)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - DEC* 92	CUMULATIVE	COMMENTS
Non-agricultural enterprises for processing or marketing created	1	0	5	125% of LOP target
PAO Project Bulletins Published	6	3	56	106% of LOP target
Institutional Studies Prepared	0	1	7	117% of LOP target
Policy Studies Prepared	0	7	14	350% of LOP target
Product Studies Prepared	0	6	12	24% of LOP target
Individuals Trained	60	20	2,223	1,112% of revised LOP target

* This project ended December 31, 1992. That is why the current period is through December rather than March, as with the other projects in this report.

69

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
Administration of Justice	511-0626	1992-1998	\$10 million	\$18,000

PROJECT PURPOSE: To improve the effectiveness of the judicial system in three pilot zones, including the Departments of Santa Cruz and Tarija and the Controlled Substances Courts in La Paz.

PROJECT DESCRIPTION: There are three components critical to achieving the Project Purpose: 1) judicial efficiency and accountability; 2) effective criminal prosecution and investigation; and 3) alternative dispute resolution and modern process. The project aims to improve judicial efficiency and accountability through modern administrative infrastructure and transparent, efficient case processing. To create effective criminal prosecution and investigation, the project will improve investigation, preparation, and presentation of criminal cases. Finally, the project will introduce alternative dispute resolution and procedural delay reduction mechanisms.

GENERAL COMMENTS: This reporting period marks the first six months of project implementation. Efforts focused on contracting project implementation agencies. Contracting actions for United States Department of Justice Office of Professional Development and Training, Management Sciences for Development, and the Inter-American Bar Foundation were near completion at the end of the reporting period. A buy-in arrangement with the National Center for State Courts for technical assistance in court administration training is in progress. Training of judges began in this period, and 3 judges were trained out of an expected total of 200 over the life of the project.

Baseline data for Purpose Level Indicators is expected to be available by September 1994. Tracking systems and case flow management mechanisms will be implemented in the pilot zones. Implementation of tracking systems will not begin until the implementing agencies described in section E are established and functioning in Bolivia.

Several implementing agencies are being contracted and are scheduled to arrive at the beginning of the next reporting period:

1. Management Sciences for Development is to replace the functions performed by ILANUD.
2. United States Department of Justice, Office of Professional Development and Training will have an on-site representative through a three-year Participating Agency Service Agreement (P.A.S.A.) effective April 18, 1993. Primary responsibility will be the implementation of the Judicial and Public Ministry training programs, which will strengthen the role of the prosecutor in the Bolivian Justice System.
3. A representative of the Department of Justice's International Criminal Investigation Training Program (ICITAP) is expected to be in-country approximately June 1993. The ICITAP representative has primary responsibility for Police and criminal investigation training.

12

4. The Inter-American Bar Foundation will have a long-term, in-country representative whose primary responsibility will be the implementation of the alternative dispute resolution and modern process component of the Project. It is anticipated that the local representative will be in country by June 1993.
5. The National Center for State Courts will provide technical assistance in the implementation of Court Administration and automation component through a buy-in to the regional A.I.D. justice contract.

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
CARE Community Development	511-0618	1991-1995	\$7 million	\$3.2 million

PROJECT PURPOSE: To improve infant and child survival through improved nutritional status and immunization coverage and decreased diarrheal incidence. Through enhanced health status and improved quality of life within the project communities, it is hoped that the project will contribute to reduced migration to coca-producing areas.

PROJECT DESCRIPTION: The project is aimed at improving the health, well-being, and self-development capacity of 48,000 people in 160 rural Bolivian villages in the departments of La Paz, Cochabamba, and Chuquisaca. The project works with four sub systems. The first is a primary health care delivery system providing preventive and curative health services through a community health worker. The second is a water and sanitation component providing potable water and excreta disposal in these communities. The third is an agricultural development system providing home gardens. The fourth system is to strengthen community organizations. This project is not funded with NSD-18 resources.

GENERAL COMMENTS: The water and sanitation component is progressing well. It requires some operational adjustments but, as a whole, is the best of all four components. The health care component requires more quality controls and stronger linkages with Ministry of Health (MOH) at the district level. In general the health care component is also progressing well. However, continuity and sustainability are lacking due to CARE and MOH integration problems.

Both the Nutrition and the Community Development components require major adjustments to become fully operational within the project. Such adjustments are expected to take place during CY 1993.

5

CARE Community Development (511-0618)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
OUTPUT INDICATORS				
Number of community water systems installed and operating.	5	30	35	22% of LOP target
Number of latrines installed	772	2,536	3,642	46% of LOP target
Percentages of 10-24 months olds with complete vaccinations	29%	19%	48%	60% of LOP target
Number of functioning household gardens promoted	1,470	414	1,984	50% of LOP target
Number of functioning community organizations promoted	82	30	142	89% of LOP target
Number of persons trained				97% and 72% of LOP targets, respectively. Training areas include maintenance of water systems, latrine up-keep, basic health care practices, and community development.
Male	105	90	427	
Female	0	26	144	

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
Community and Child Health	511-0594	1988-1995	\$20 million	\$10.8 million

PROJECT PURPOSE: To improve community health and to reduce infant, child, and maternal mortality in project districts; increase capability of the Ministry of Health's (MOH) Department and district-level institutions; and enhance capacity within community organizations to better plan, implement, and sustain child survival interventions. This will produce more favorable living conditions in communities nationwide and thereby help reduce migration to the Chapare.

PROJECT DESCRIPTION: The project provides an integrated package of child survival interventions, institutional development, and community participation. The project has four components: National Diarrheal Disease Control, National Immunization Program Support, Integrated Child Survival, and National Chagas' Disease Control. Activities that have the most impact on USAID/Bolivia's counter-narcotics economic assistance program are the construction of community water and sanitation systems and the improvements of houses to control the vinchuca bug vector of Chagas disease in the Departments of Cochabamba and Chuquisaca. This project is not funded with ESF resources.

GENERAL COMMENTS:

Advancement Toward Goal and Purposes:

The improvement of houses and provision of water and sanitation systems is improving the quality of life for thousands of rural Bolivians, thereby reducing their desire to migrate to coca producing areas.

Project Technical Advances:

- The project provided \$322,000 of vaccines and syringes for the national Expanded Program for Immunization (EPI) in conjunction with the Immunization ICC. The project received 48 refrigerators and 17 freezers that will be distributed for the national cold chain. The project is pleased to announce that vaccination coverage for 1993 was the highest ever for Bolivia with the following rates: Diphtheria, Pertussis, and Tetanus (DPT) 77.3%; Polio 83.5%; Measles 79.8%; and Tuberculosis (BCG) 85.8%. These are higher coverage rates than for the United States. They are the result of more vaccines being applied, and a reduction in the estimated denominator of one year olds as reported in the 1992 Bolivian census.
- District Development - The sixth and latest district was incorporated into the project. Three management systems --accounting, EPI-info, and the national health statistics system have been installed in five of the six districts resulting in improved management. Training of district personnel continues, and a large training contract is ready for signature. This will improve the quality and quantity of training activities.

- **Chagas' Disease Control** - The project inaugurated 375 improved houses during this reporting period. Studies on costs and entomology were completed, and a congenital transmission study is underway in Cochabamba. Preliminary results indicate that 45 percent of mothers delivering in the University Hospital are infected with Chagas' disease and transmission rates to their children are approximately 10 percent. More importantly there seems to be a relationship between mothers infection and low birth weight/birth defects, even for those babies not infected. This could have significant effects on infant and possibly maternal mortality and will be investigated thoroughly. The application of insecticide on adobe walls has been problematic. The project is continuing to research the most efficient chemical to control vinchucas in community settings.
- **Water and Sanitation** - The project inaugurated 37 rural water systems this semester with 56 more systems under construction. These systems are in areas with high rates of diarrheal diseases, including cholera, and should significantly reduce morbidity and mortality rates.

Community and Child Health (511-0594)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
OUTPUT INDICATORS				
Community water systems constructed	22	10	43	36% of LOP target
Number of pilot houses improved	0	375	1,389	69% of LOP target

762

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
Drug Awareness and Prevention	511-0613	1991-1997	\$9.2 million	\$2.5 million

PROJECT PURPOSE: To increase public support for the Government of Bolivia's (GOB) anti-drug programs through enhanced public awareness of the health, social, political, and economic dangers of drug production, consumption, and trafficking in Bolivia.

PROJECT DESCRIPTION: The project purpose is to be achieved through nationwide dissemination of mass media anti-drug messages, public education programming, local anti-drug training in urban and rural communities, and a national network of private and public organizations against drug production, trafficking, and use.

The project has two main components: (1) the private sector, implemented by the Educational System Against Drug Addiction and for Social Mobilization (SEAMOS) and the Narcotics Education Center (CESE); and (2) the public sector, implemented by the National Directorate Against Illegal Drug Use and For Treatment, Rehabilitation, and Social Reinsertion (DINAPRE) and the Subsecretary for Alternative Development (SUBDESAL). The project receives additional technical assistance through the contracted services of a private U.S. firm with extensive experience in drug awareness and prevention. Coordination among Bolivian public and private institutions is managed by a National Coordinating Unit created specifically for this project.

SEAMOS is the leading mass media anti-drug campaign organization in Bolivia. It was supported from 1986 to 1991 by USAID/Bolivia's Narcotics Awareness and Education Project (511-0592). This included sponsorship by the Confederation of Bolivian Private Entrepreneurs (CEPB), evidence of the commitment of Bolivian private sector institutions in the struggle against drugs. CESE is the leading educational program against drugs in Bolivia and has been supported since 1986 by the Narcotics Assistance Section (NAS) of the U.S. Embassy. CESE is now a private voluntary organization, supported by this project. The National Council Against the Illegal Use of Drugs and for Treatment, Rehabilitation, and Social Reinsertion (CONAPRE) and SUBDESAL previously depended on the Bolivian Treasury and occasional PL-480 generated local currency support to carry out anti-drug activities. The project will regularize and systematize their operations in coordination with the other private and public sector components.

GENERAL COMMENTS: Six monthly meetings of the Project Coordinating Unit (PCU) took place during the reporting period. As a result of a workshop held in December 1992 to coordinate 1993 Work Plans, the PCU is now used to discussing planned activities and identifying areas where each project element can help the other. This has contributed significantly to each element better realizing project activities by maximizing the resources available. PCU meetings are regularly attended by United Nations Drug Control Program representatives, United States Information Service, and other interested agencies.

DINAPRE/PROINCO (Project for the Investigation and Awareness in the Prevention of Illegal Drug Use) completed action to officially establish a non-government research organization (NGO) to assure continuity and stability for the research team that has been trained by the project. The NGO,

10

Centro Latinoamericano de Investigación (CELIN), has been formally granted legal identity under Bolivian law by a resolution signed by the President of Bolivia. PROINCO also completed a draft agreement with DINAPRE to enable project funds to be directed to CELIN. The Project Grant Agreement will have to be amended to reflect this new institutional arrangement. This should insure that the research team will stay together through the change in government that will take place in August 1993.

All sections of the National Prevalence Survey have now been published. PROINCO also completed and published an ethnographic study of Bolivian street children.

SEAMOS completed the design and implementation of new campaign strategies in social mobilization. A new logo was promulgated, and a series of public events, including a "wall-art" competition, was sponsored. A "Round Table Discussion" on Scientific Research on "the Properties and Alternative Uses of Coca Leaf" received wide press coverage and has elevated the national debate about coca. The President of Bolivia, as a result of the publicity around the discussion, publicly supported the establishment of a "Coca Research Institute" (INICO) in Bolivia. This also has strong support from the U.S. Embassy. Public opinion, as reflected in the media, indicates a much higher interest in knowing more about coca's effect on chewers, not just on paste, base, or cocaine users. This could result in stronger public support for reduced coca production directed at legitimate pharmaceutical use or "decocainized" consumer products such as tea, chewing gum, etc. SEAMOS also maintained its strong support for youth-oriented leisure time activities to provide an alternative to substance abuse and possible involvement in drug trafficking.

CESE continues to sponsor major workshops for young people and school teachers, educating them on the effects of drugs on them and Bolivian society. The expanded telephone hot-line service "A..TI" continues to be a valuable source of information on drug use patterns and the need for treatment and rehabilitation centers in Bolivia.

SUBDESAL took part in a series of workshops on designing materials to reach coca producers, through radio messages, serials, and face-to-face meetings. For the first time the Directors of Alternative Development Programs in the Ministry of Agriculture met with the communicators of the National Communications Unit to improve coordination and delivery of their message.

In sum, there has been major progress in the past six months in identifying specific audiences for anti-drug messages and in improving targeting to these groups. The regularly scheduled training sessions and workshops have increased the professionalism of all project element staff. All project elements are maintaining records to not only track progress toward realizing planned objectives, but to insure that the indicators can be confirmed by objective observers. This was reinforced by an AID/W (LAC/SAM) evaluation carried out in March 1993. The preliminary draft of the report suggested that the success of private/public sector efforts in Bolivia could serve as a model for other drug awareness and prevention efforts throughout the world.

Drug Awareness and Prevention (511-0613)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
PURPOSE INDICATORS				
Increased number of people who believe drug production and trafficking constitutes a problem for Bolivia		33% (Base-line)		LOP target is 45%, an increase of 12.1 percentage points. National Prevalence survey will be repeated in 1994. Two Purpose Indicators have been dropped as being too insignificant to measure as determined by project surveys: "Level of Drug Use," since only 1.2% of the population use cocaine, and "Increased popular understanding of Law 1008," because 80% of the population already understand the law.
OUTPUT INDICATORS				
SEAMOS				
Number of departmental level anti-drug organizations mobilized and assisted	1	1	2	67% of LOP target. Previous figures revised.
Number of local level anti-drug organizations mobilized and assisted	3	4	7	47% of LOP target. Previous figures revised.
Number of TV and Radio spots produced and broadcast	7	5	12	13% of LOP target
Number of promoters trained	0	25	25	36% of LOP target
CESE				



Drug Awareness and Prevention (511-0613)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
Number of parents, students, and community institutions trained	2,968	1,198	4,166	42% of LOP target (includes military and police participants funded separately by NAS)
Number of user hot-line calls handled	2,039	1,059	3,098	23% of LOP target. Previous figures revised.
Number of walk-in visits to CESE office	947	951	1,898	54% of LOP target. Previous figures revised.
DINAPRE				
Number of epidemiological studies completed	1	1	2	50% of LOP target
SUBDESAL				
Number of communication workers trained	4	5	9	100% of LOP target
Number of community workers trained	10	69	79	88% of LOP target
Number of radio spots broadcasted in Spanish, Quechua, and Aymara in the Chapare.	10	20	30	1% of LOP target

2/2

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
Electrification for Alternative Development	511-0614	1991-1996	\$16.7 million	\$2.7 million

PROJECT PURPOSE: To establish comprehensive implementation mechanisms for national rural electrification (RE) planning, construction, and sustainability in support of the counter-narcotics economic assistance strategy of the Government of Bolivia (GOB) and selected USAID counter-narcotics economic assistance projects.

PROJECT DESCRIPTION: The project is aimed at: 1) expanding the use of electricity in rural industry activities to provide jobs and economic opportunities; 2) constructing new rural electrification projects to serve approximately 15,000 new customers, serving a beneficiary population of approximately 80,000 (30,000 adults and 50,000 children); 3) improving the operational standards of rural electric distribution entities to provide a level of service quality acceptable to productive use customers; 4) establishing a solid institutional basis for support to the rural electric sub sector to develop a sustained flow of investment capital for rural electrification in Bolivia; and 5) achieving RE policy reforms with the GOB to create a positive environment for the successful implementation of sustainable RE sector development activities.

GENERAL COMMENTS: During this reporting period project preparation activities continued in Cochabamba, Santa Cruz, and the Beni. Staking was completed for the Mizque-Aiquile project and has begun in Capinota and the Valles Cruceños.

Several projects were technically and financially reviewed, including projects in San Julian (16 communities), Riberalta, Concepción, Camiri, and several other small hydroelectric projects. Of these projects, Camiri, San Julian, and Riberalta were selected for construction. Additional analysis will be performed on the other projects prior to proceeding.

The technical assistance program was initiated with activities undertaken in Chiquitania and Santa Ana. In Chiquitania, a seminar was held to initiate an administrative assistance program with twelve cooperatives in attendance. The National Rural Electric Cooperative Association (NRECA) received a request for emergency assistance through USAID/Bolivia to provide to Santa Ana similar technical assistance as that being provided to cooperatives in Santa Cruz. NRECA will use the identical tools and programs being developed for Chiquitania for the technical assistance program in Santa Ana.

The productive uses program, while slightly behind schedule in implementation, was designed and will begin implementation in the next reporting period. The loan program that is being managed in Cochabamba by PRODEM has begun providing loans to small users of electricity and should accelerate activities in this reporting period. The technical assistance portion of this program should begin in earnest as well.

Electrification for Alternative Development (511-0514)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
OUTPUT INDICATORS				
Rural electrification (RE) expansion sites evaluated	4	5	13	65% of LOP target
- Cochabamba Department	2	0	6	60% of LOP target
RE pilot projects selected	3	3	8	67% of LOP target
- Cochabamba Department	2	0	4	67% of LOP target
Personnel trained	88	66	209	42% of LOP target
- Men (total)	85	58	195	41% of LOP target
- In Cochabamba Department	55	7	84	84% of LOP target
- Women (total)	3	8	14	70% of LOP target
- In Cochabamba Department	2	4	8	57% of LOP target

70

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
Justice Sector	511-0609	1988-1994	\$2 million	\$1.7 million

PROJECT PURPOSE: To strengthen the administrative and operational capacity of the judicial branch and public prosecution in order to accelerate the judicial process. Achieving these objectives will allow the system to more effectively and efficiently prosecute narcotics crimes.

PROJECT DESCRIPTION: The project promotes and supports institutional reform of the courts and the prosecution of criminals. One component of the project also supports policy reforms intended to streamline and modernize the legal process. A second component of the project uses law reform to create alternative dispute resolution opportunities to reduce court congestion.

In the area of counter-narcotics strategy, USAID and the Narcotics Assistance Section (NAS) of the U.S. Embassy carry out complementary actions. NAS pursues a short-term approach by providing assistance exclusively to the controlled substances jurisdictions in Bolivia. USAID's Justice Sector Project takes a broader, long-term approach designed to achieve sustainable institutional improvements in the judicial system as a whole. USAID's long-term approach is expected to enable systemic improvements interrelated to more effective performance of the special narcotics courts which cannot be resolved in the short-term. These improvements will promote an evolutionary process of judicial reform for the changing social, economic, and political needs of Bolivian society. Moreover, because the controlled substances courts are linked constitutionally to the entire judicial branch, the ultimate success of the NAS program in the controlled substances jurisdictions is dependent on the development of the judicial branch as a whole.

USAID project assistance in training, technical assistance, and policy dialogue is provided to the Supreme Court, the Attorney General, and a National Council for Judicial Reform through the Instituto Latinoamericano de las Naciones Unidas para la Prevención del Delito y el Tratamiento del Delincuente (ILANUD), ILANUD/San Jose, ILANUD/Bolivia, the National Chamber of Commerce, and direct USAID management via the Democratic Initiatives Division. The activities managed under the project are: (1) the development of a modern system of court management based on an analysis of criminal case flow and the implementation of a pilot case tracking and management system; (2) an institutionalized judicial training program for judges and court personnel based on a training and personnel needs assessment; (3) technical assistance support to streamline criminal and civil procedures and other operational reforms to a National Committee for the Improvement and Modernization of the Administration of Justice; (4) procurement of legal libraries and equipment to produce and disseminate judicial decisions and other legal reference materials; (5) promotion of alternative dispute resolution forums, such as arbitration; and (6) a program to improve financial management of the court system.

GENERAL COMMENTS: This project has undergone various modifications throughout its near five year history, and, although the project purpose has not been fully achieved, the project has successfully served the important function of establishing the groundwork for the recently begun Administration of Justice project. Activities undertaken as well as the corresponding lessons learned and contacts made have provided the Democratic Initiatives Division with the experience, implementation mechanisms, and technical knowledge necessary to implement justice sector strengthening activities through the Administration of Justice Project.

75

Accomplishments during the reporting period include: (1) the presentation of specialized clinical legal seminars by the Mayo group in La Paz, Santa Cruz, Tarija, and Cochabamba, resulting in the training of approximately 775 Bolivian lawyers and judges on the advantages of the oral process and the utilization of the legal clinic as an alternative method of training; (2) the purchase, delivery, and installation of computer and printing equipment at the Supreme Court in Sucre, which will assist the court in printing and disseminating legal documents including laws, books, bibliographies, etc.; (3) the promulgation of the Public Ministry and Judicial Reform laws; (4) the development of a commercial arbitration handbook by the Bolivian Chamber of Commerce; (5) the presentation of seminars and one workshop on commercial arbitration in La Paz, Cochabamba, and Santa Cruz; and (6) the application of oral process techniques and the implementation of a public defender program in Tarija.

16

Justice Sector (511-0609)

BOLIVIA

INDICATOR	APR 92 - SEP 92	OCT 92 - MAR 93	CUMULATIVE	COMMENTS
OUTPUT INDICATORS				
Prosecutor Law Drafted	0	0	1	100% of LOP target
Case Flow Analysis & Pilot Tracking System Completed	0	0	1	50% of new LOP target. Case flow analysis in the process of being approved. Previous figures revised.
Installation of Legal Libraries	0	0	0	
Operational Management Information Systems Functioning	0	0	0	
Training (TOTAL) (persons)	410	775	1,904	307% of LOP target
- In-country (short term)	410	775	1,889	314% of LOP target. In this period instructed judges and lawyers on the advantages of the oral process
Male:		471	1,293	
Female:		304	596	
- Out-of-country (short and medium term)	0	0	15	75% of LOP target
Male:			11	
Female:			4	

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
National Rural Household Survey	511-0612	1990-1993	\$1 million	\$0.7 million

PROJECT PURPOSE: To develop baseline data on the socio-economic characteristics of the rural population, with emphasis on the Cochabamba Department, in order to measure the transformation of the Bolivian economy from coca to non-coca activities.

PROJECT DESCRIPTION: To develop a data collection system (sampling survey) that will generate accurate, timely, and objective information on the basic socio-economic characteristics of the rural population. The first survey was implemented by the U.S. Bureau of Census in close cooperation with the PL-480 Title III Executive Secretariat. The survey is designed to analyze detailed agricultural characteristics of rural households, such as farm inputs, income, access to markets, credit, etc. and to compare the socio-economic characteristics of farm and non-farm rural households. The socio-economic characteristics of coca producing and non-coca producing households are also compared, and the data are desegregated by gender where possible.

GENERAL COMMENTS: This project has produced a discrete end-product: a one-time survey. However, the sampling frame designed by BUCEN and put into place under this project can be used for additional surveys that will track program impact and furnish data that will permit effective planning of future programs at relatively low cost.

Bolivia's National Institute for Statistics recently made a formal proposal for a nationwide survey in 1994. USAID/Bolivia is considering a response to this proposal. A final decision may have to await information on FY 1994 funding availability.

COLOMBIA

PROJECT NAME	PROJECT NUMBER	START/END DATES	PLANNED FUNDING	EXPENDED TO DATE
Economic Stabilization Program	514-9005	FY 1992	\$36 million	\$36 million

PROJECT PURPOSE: To provide support to the Government of Colombia's (GOC) economic revitalization and counter-narcotics programs.

PROJECT DESCRIPTION: The USG obligated \$36 million in FY 1992. The cash transfer is being used to finance the servicing of the official GOC debt to the United States and to multilateral financial institutions. The local currency provided by the GOC counterpart is used to finance projects that support the GOC's economic revitalization and counter-narcotics program and is managed by the National Planning Department. The FY 1992 cash transfer provided an equivalent amount of local currency counterpart. The use of the funds in FY 1992 was focused on the counter-narcotics strategy, particularly in the Departments of Valle (Cali) and Antioquia (Medellín), and on economic liberalization.

GENERAL COMMENTS: As of March 30, 1993, the GOC had used \$32 million of the FY 1992 funds disbursed to pay part of its external debt service: \$10.3 million to pay USG debt and \$21.7 million to pay World Bank and Inter-American Development Bank debt. As of March 30, 1993, the GOC had spent the peso equivalent of \$30.5 million to support GOC efforts in Apertura and sustainable development.

Macroeconomic performance is described in the "Results-to-Date" portion of the body of this report and is summarized in a table on the following page. An illustrative sample of the types of and accomplishments for some local currency projects and new activities also follows.

1/1

MACROECONOMIC INDICATORS - COLOMBIA

BASIC MACROECONOMIC INDICATORS	1990	1991	1992	1993 (p)
Real GDP Growth Rate	4.1%	2.2%	3.3%(e)	3.8%-5%
Inflation Rate	32.5%	26.8%	25.1%	10.71% (Jan.-Apr.)
Unemployment Rate	10.6%	9.6%	9.9%	9.8%
External Trade Balance (\$m)	1,956	3,086	1,454.1	634.1
Current Account Balance (\$m)	531.7	2,347.3	989.9	- 359.3
Net International Reserves (\$m)	4,597.5	6,572.5	7,919.8	8,757.4
Total External Debt Outstanding (\$m)	17,844	16,971	17,644	18,811
Net Debt Outstanding/GDP	28.1%	23.4%	21.2%	20.9%
Debt Service/Exports of Goods	49.4%	46.2%	49%	47%
Central Government Fiscal Deficit (% of GDP)	-0.13%	-0.51%	-0.76%	-1.21%
Interest Rate on 90 CDs (as of the end of given period)	38.43 %	37 %	27.4%	NA
Growth of Money Supply (M1)	25.8 %	34.1 %	41.3%	NA

\$m = Million of dollars; e = estimated; p = projections for 1993; NA = Not Available

SOURCE: Estimates and Projections of National Planning Department of Colombia

LOCAL CURRENCY PROJECTS (FY 1991 - FY 1992):

The following is illustrative of the types of activities carried out by the GOC using the local currency budgetary support provided by the cash transfer agreements and other GOC funding:

A. ON-GOING PROJECTS

1. THE MAGDALENA HIGHWAY AND THE PASTO-TUMACO ROAD

OBJECTIVES: To improve the Magdalena Highway to lower transportation costs for agro-industrial producers who supply both domestic and foreign markets. To improve the Pasto-Tumaco highway which connects Colombia's second largest port on the Pacific Ocean (Tumaco) with the fertile Andean region.

ACCOMPLISHMENTS:

- Progress on the Magdalena Highway along the 320 kilometers between La Lizana and San Alberto included the grading of 35 kilometers, the graveling of 65 kilometers, and the paving of 51 kilometers. In addition two bridges were built--a 701-meter bridge over the Sogamoso River and a 150-meter bridge over the Lebrija River.
- Progress along the Pasto-Tumaco Road included the rehabilitation and improvement of 48.9 kilometers between Caunapi and El Diviso.

2. THE QUALITY FOUNDATION

OBJECTIVE: To introduce the concept of quality control to the private and public sectors in order to increase competitiveness in the production of goods and services. This should have the positive impact of contributing to promoting exports and rationalizing imports.

ACCOMPLISHMENTS:

- The project provided the first Quality Instructor Development Course for executives and top managers. More than 170 executives attended and learned about four critical concepts: basic quality culture concepts, management of innovation, statistical tools to track job performance, and focused technical assistance to install quality concepts within the companies' organizational structures.

- The National Quality Information Center was created to collect and classify all the documents, articles, and publications about quality projects and results in Colombian institutions and throughout the world.
- The first Hospital Management Center was established.

B. NEW ACTIVITIES - FY 1993: ECONOMIC REVITALIZATION AND DEVELOPMENT IN ZONES WITH ILLICIT CROPS

1. Reforestation, erosion control, and sustainable development projects on the Department of Cauca's Indian reservations and in some critical areas near the Caguán River and in the Department of Tolima.
2. Sustainable development projects in coca-growing and indigenous areas of the Department of Cauca.
3. Two major sub-activities: a) agricultural development with small businesses and b) environmental management and protection training for NGO's and public institutions.

27

PROJECT NAME	PROJECT NUMBER	START/END DATES	PROJECT FUNDING	EXPENDED TO DATE
Justice Sector Reform	514-9002	1992-1997	\$36 million	\$8.6 million

PROJECT PURPOSE: Improve the effectiveness of the criminal justice system with emphasis on the Regional and other selected Prosecutorial Units and Criminal Courts

PROJECT DESCRIPTION: There is a consensus in Colombia that the judicial system is in crisis and requires reform. This crisis has become more acute in recent years due to the power of criminal organizations associated with drug trafficking. The Government of Colombia's (GOC) judicial reform efforts are a response to this crisis. This A.I.D.-funded activity has been designed to support this reform by addressing a host of interrelated problems that characterize the sector, including the lack of administrative and operational independence of the court system; congestion of the court system; lack of protection for justice sector personnel; and an incapacity to perform the prosecutorial and investigative functions effectively. The failure to prosecute drug traffickers in Colombia is the most notorious example of a generalized failure to bring criminals to justice. Reassertion of the rule of law in these cases requires the systematic treatment of fundamental problems inherent in the overall justice system.

To have an effective counter-drug capability in Colombia, the Colombian justice system must develop a stronger institutional capacity to confront criminals and powerful criminal organizations. To impart justice in drug cases, judges must be able to draw support from the justice sector institutions. Until the initiation of the GOC's justice sector reform program, Colombian judges lacked modern devices to support the law. A.I.D. assistance will support an overall reform of the criminal justice system by focusing on the Regional and selected Ordinary jurisdictions through sub-project activity that can be replicated throughout the system.

The GOC, the U.S. Mission to Colombia, the Foundation for Higher Education (FES), the International Criminal Investigative Training Assistance Program (ICITAP), and the Office of Professional Development and Training (OPDAT), implement and monitor sub-projects in support of the Justice Sector Reform Project (JSRP).

The project has five mayor outputs which are: 1) improved effectiveness of the investigative function, 2) improved effectiveness of the prosecutorial function, 3) improved effectiveness of the operation and administration of the court system, 4) improved access, fairness and public perception of the judicial system, and 5) improved capabilities of the overall justice system in specific areas.

The sub-projects funded by the JSRP by output are listed below:

1. Improved effectiveness of the investigative function:

105

- Improved Effectiveness of the Investigative Function (ICITAP). This includes activities to enhance crime processing units; establish uniform forensic practices; develop manuals of uniform investigative procedures to be used by investigators; strengthen training capacity for investigators; and the training of investigators.
- Improved Effectiveness of the Prosecutorial Function (OPDAT). This includes activities to develop manuals of uniform investigative procedures to be used by investigators.

2. Improved effectiveness of the prosecutorial function:

- Strategic Management Workshops (FES-Prosecutor General's Office-PGO)
- Criminal Law Data Base (FES-PGO)
- Regional Prosecutorial Units' Network Information (FES-PGO)
- Refurbishment of Selected Prosecutorial Units (FES-PGO)
- Total Quality Culture Program for selected Prosecutorial Units (FES-PGO)
- Short-Term Training Strategy (FES-PGO)
- Improved Effectiveness of the Investigative Function, (ICITAP). This includes activities to develop manuals of uniform investigative procedures to be used by prosecutors and training of prosecutors.
- US Prosecutorial System Seminar (AID/Colombia)
- Improved Effectiveness of the Prosecutorial Function (OPDAT). This includes activities to develop manuals of uniform investigative procedures to be used by prosecutors; to strengthen training capacity for prosecutors; the training of prosecutors; and providing technical assistance to the PGO.

3. Improved effectiveness of the operation and administration of the court system

- The Publication of Jurisprudence of the High Courts (FES-Superior Judicial Council)
- Library and Information Center for the Judicial Branch (FES-Superior Judicial Council)
- Training program for Magistrates on the New Criminal Procedure Code (FES-Supreme Court of Justice)
- Legislative Agenda (FES-Ministry of Justice)
- Supreme Court of Justice's Information System (FES-Supreme Court of Justice)
- Improved Effectiveness of the Investigative Function (ICITAP). This includes activities to develop manuals of uniform investigative procedures to be used by judges and training of judges.
- Improved Effectiveness of the Prosecutorial Function (OPDAT). This includes activities to develop manuals of uniform investigative procedures to be used by judges and training of judges.

4. Improved access, fairness, and public perception of the judicial system

8
1

- Fostering of Alternative Dispute Resolution Mechanisms (FES-Ministry of Justice)
- Information Systems Plan (FES-Attorney General's Office-AGO)
- Total Quality Culture Program (FES-AGO)
- Public Ministry Agents (FES-AGO)
- Municipal Attorneys (FES-AGO)
- Communications Office of the Supreme Court (FES-Supreme Court of Justice)
- Improved Effectiveness of the Investigative Function, (ICITAP). This includes activities to develop manuals of uniform investigative procedures and training of personnel in the AGO.
- Improved Effectiveness of the Prosecutorial Function, (OPDAT). This includes activities to develop manuals of uniform investigative procedures and training of personnel in the AGO.

5. Improved capabilities of the overall justice system in specific areas

- Information System (FES-Ministry of Justice)
- Constitutional Thesaurus (FES-Ministry of Justice)
- International Affairs Office (FES-Ministry of Justice)
- Enhancement of Security System (FES-Supreme Court of Justice)
- Improved Effectiveness of the Investigative Function (ICITAP). This includes activities to strengthen security systems in the justice sector.
- Strengthening the Justice Sector Security System (A.I.D./Colombia)

GENERAL COMMENTS:

Major accomplishments of sub-projects during the reporting period include the following:

Total Quality Culture (TQC) Program for Selected Prosecutorial Units, PGO: As a result of the TQC program for selected Prosecutorial Units, four major weaknesses were identified. They are excessive work load, inadequate office space, lack of administrative and secretarial support, and need for better management skills of the personnel. This diagnosis will provide a basis for the formulation of sub-projects to address these weaknesses.

The Publication of the Jurisprudence of High Courts, Superior Judicial Council: All jurisprudence of the Constitutional Court, the State Council, and the Supreme Court of Justice from January 1989 to December 1991 was updated, published, and distributed throughout the justice system

Fostering of Alternative Dispute Resolution Mechanisms, Ministry of Justice: The sub-project provided technical assistance to create 31 new conciliation centers in the major Colombian cities. This increases to 70 the total amount of conciliation centers established with the JSRP's support. Financial support to the Judicial Advisory Centers was used to provide legal assistance for low-income people.

International Affairs Office, Ministry of Justice: This office developed a comprehensive data base of judicial cooperation agreements signed by the GOC. The office also prepared research papers which examined the latest anti-narcotics techniques, legislation, and information system for presentation by the GOC at nine international seminars and conferences.

ICITAP-Judicial Protection: With the support of ICITAP, a Protection Plan for judicial personnel, especially for Regional Court judges who try narcotics cases, was developed. The Judicial Protection Working Group headed by the Minister of Justice was responsible for developing the plan. This plan led to the creation of a Judicial Protection Services Division under the Special Directorate of the National Police.

df

JSRP SUB-PROJECTS APPROVED AND PRESENTLY BEING IMPLEMENTED

The below list of sub-projects are described in detail in the next section.

1. Strategic Management Workshops (FES-Prosecutor General's Office-PGO)
2. Criminal Law Data Base (FES-PGO)
3. Regional Prosecutorial Units' Network Information (FES-PGO)
4. Refurbishment of Selected Prosecutorial Units (FES-PGO)
5. Total Quality Culture Program for selected Prosecutorial Units (FES-PGO)
6. Short-Term Training Strategy (FES-PGO)
7. The Publication of Jurisprudence of the High Courts (FES-Superior Judicial Council)
8. Library and Information Center for the Judicial Branch (FES-Superior Judicial Council)
9. Training Program for Magistrates on the New Criminal Procedure Code (FES-Supreme Court of Justice)
10. Legislative Agenda (FES-Ministry of Justice)
11. Supreme Court of Justice's Information System (FES-Supreme Court of Justice)
12. Fostering of Alternative Dispute Resolution Mechanisms (FES-Ministry of Justice)
13. Information Systems Plan (FES-Attorney General's Office-AGO)
14. Total Quality Culture Program (FES-AGO)
15. Public Ministry Agents (FES-AGO)
16. Municipal Attorneys (FES-AGO)
17. Communications Office of the Supreme Court (FES-Supreme Court of Justice)
18. Information System (FES-Ministry of Justice)
19. Constitutional Thesaurus (FES-Ministry of Justice)
20. International Affairs Office (FES-Ministry of Justice)
21. Enhancement of Security System (FES-Supreme Court of Justice)
22. Improve Effectiveness of the Investigative Function (ICITAP)
23. Improve Effectiveness of the Prosecutorial Function (OPDAT)
24. US Prosecutorial System Seminar (A.I.D./Colombia)
25. Strengthening the Justice Sector Security System (A.I.D./Colombia)

Training Activities of the JSRP (October 1992 - March 1993)

87

No. 1 (FES)	SUB-PROJECT TITLE: Strategic Management Workshops for the Prosecutor General's Office (PGO)	IMPLEMENTING AGENCY: Prosecutor General's Office
APPROVAL DATES: 08/03/92 and 11/12/92		
OBJECTIVE: Teach the mission, organization, and operation of the Prosecutor General's Office to prosecutors throughout the country		
AMOUNT APPROVED: \$139,735		EXPENDED TO DATE: \$20,534
PROJECT DESCRIPTION: An initial series of workshops led by the Prosecutor General will be held to guide the office's top management, including the Deputy Prosecutor General and the five Directors of the five Regional Prosecutorial Units, toward understanding the mission, organization, and operation of the PGO. Additionally, these workshops will allow the top management to set immediate priorities for the institution. After these initial workshops, strategic management workshops will be conducted by the staff from the PGO who have been instructed in the initial workshops. These workshops will be held for all the Prosecutorial Units throughout the country.		
PROGRESS TO DATE: Two seminars have been held with a total attendance of 50 officers.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the prosecutorial function. Prosecutorial units operating effectively with Regional and Ordinary Criminal Courts.		
No. 2 (FES)	SUB-PROJECT TITLE: Criminal Law Data Base	IMPLEMENTING AGENCY: Prosecutor General's Office (PGO)
APPROVAL DATE: 08/03/92		
OBJECTIVE: Construct a comprehensive judicial information system to support prosecutor's work countrywide		
AMOUNT APPROVED: \$23,539		EXPENDED TO DATE: \$12,110
PROJECT DESCRIPTION: To perform effectively, the PGO needs a comprehensive and reliable information system which includes legislation, the jurisprudence of the Supreme Court of Justice, and key materials from the PGO. To develop such a system, a consulting firm will be contracted to perform two major tasks: 1. Construct a comprehensive, legislative data base and 2. Train the office's professionals in managing and updating the data base regularly. The consulting firm will work jointly with the Systems and Methods Department of the PGO.		
PROGRESS TO DATE: An eight month contract was signed on October 13, 1992 to develop the data base. It is anticipated that the data base will be installed by the end of June 1993.		

SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the prosecutorial function. Prosecutorial units operating effectively with Regional and Ordinary Criminal Courts. Judicial information system established.

No. 3 (FES)

SUB-PROJECT TITLE: Regional Prosecutorial Units' Network Information

IMPLEMENTING AGENCY: Prosecutor General's Office

APPROVAL DATE: 11/13/92

OBJECTIVE: Improve the information network among the five Regional Prosecutorial Units to fully utilize the Case Management Software (SIGA) developed in the project's first phase.

AMOUNT APPROVED: \$256,482

EXPENDED TO DATE: \$ 0

PROJECT DESCRIPTION: This sub-project will design, provide the necessary equipment, and install a computer information and data sharing network for the Regional Prosecutorial Offices.

PROGRESS TO DATE: The Prosecutor General's Office has agreed to upgrade the SIGA as the first step to develop the data sharing network. Specialized software firms were invited to present proposals to upgrade the software. The selection and contracting process to procure the hardware and software required for the network is taking place.

SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the prosecutorial function. Prosecutorial units operating effectively with Regional and Ordinary Criminal Courts. Improved capabilities of the overall justice system in specific areas. Judicial information system established.

No. 4 (FES)

SUB-PROJECT TITLE: Refurbishment of Selected Prosecutorial Units

IMPLEMENTING AGENCY: Prosecutor General's Office (PGO)

APPROVAL DATE: 08/14/92

OBJECTIVE: Refurbish 25 Ordinary Prosecutorial Units selected because of their location and the crime rates in these areas.

AMOUNT APPROVED: \$1,724,727

EXPENDED TO DATE: \$6,151

PROJECT DESCRIPTION: This sub-project will refurbish 25 prosecutorial units out of the more than 300 units that the PGO is developing countrywide. The refurbishing will include improvement of office spaces and their furnishings. These 25 units are placed in critical areas where crime rates are significant. The selection of PGO units takes into consideration the need to decentralize prosecutorial units and have some of the units specialize in particular kinds of crimes.

12

<p>PROGRESS TO DATE: The Administrative Directorate of the PGO has begun the design work related to refurbishment of selected units. To expedite the execution of this sub-project, a construction company was hired to coordinate and develop the building and assembling of the units. A firm specializing in providing office furniture was selected to equip the refurbished units.</p>		
<p>SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the prosecutorial function. Prosecutorial units operating effectively with Regional and Ordinary Criminal Courts.</p>		
No. 5 (FES)	SUB-PROJECT TITLE: Total Quality Culture Program for Selected Prosecutorial Units	IMPLEMENTING AGENCY: Prosecutor General's Office
APPROVAL DATE: 08/14/92		
OBJECTIVE: Strengthen the administrative systems of selected Ordinary Prosecutorial Units in Bogotá and Cundinamarca		
AMOUNT APPROVED: \$4,477		EXPENDED TO DATE: \$3,406
PROJECT DESCRIPTION: A specialist in administrative development and information systems will be contracted to strengthen the administrative procedures and operation of selected prosecutorial units. This specialist, who worked in the Itaguí integrated courts, which was one of the most successful pilot experiences of A.I.D.'s first JSRP grant, will build on that successful experience in the selected units of Bogotá and Cundinamarca.		
PROGRESS TO DATE: This program identified four significant weaknesses of the Prosecutorial Units which are excessive work load, inadequate office space, lack of administrative and secretarial support, and the need for more management skills of the personnel. This diagnosis will provide the basis for the formulation of pilot projects to support the Prosecutorial Units.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the prosecutorial function. Prosecutorial units operating effectively with selected Ordinary courts.		
No. 6 (FES)	SUB-PROJECT TITLE: Short-Term Training Strategy	IMPLEMENTING AGENCY: Prosecutor General's Office
APPROVAL DATE: 08/03/92		
OBJECTIVE: Provide training to prosecutors on the new Criminal Procedure Code		
AMOUNT APPROVED: \$40,550		EXPENDED TO DATE: \$37,066

60

PROJECT DESCRIPTION: This sub-project developed audio-visual tapes to explain the principles and objectives of the Prosecutor General's Office, as well as the content of the new Criminal Procedure Code. The Prosecutor General himself participates in the preparation and recording of these tapes which will be distributed to the different prosecutorial units throughout the country.		
PROGRESS TO DATE: - 3 Videos about the Office's principles and the New Criminal Code were produced - 33 T.V. sets and video cassettes recorder (VCR) were provided The training is taking place and appears to be well received.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the prosecutorial function. Enhanced national prosecutorial training capacity; enhanced in-service training capacity for prosecutors		
No. 7 (FES)	SUB-PROJECT TITLE: The Publication of Jurisprudence of the High Courts	IMPLEMENTING AGENCY: Superior Judicial Council
APPROVAL DATE: 11/13/92		
OBJECTIVE: Update and publish the jurisprudence of the Constitutional Court, the State Council, and the Supreme Court of Justice, and make it available to judges throughout the criminal justice system.		
AMOUNT APPROVED: \$462,008		EXPENDED TO DATE: \$86,436
PROJECT DESCRIPTION: The basic jurisprudence of the Constitutional Court, the State Council, and the Supreme Court of Justice has not been gathered, classified, published, and distributed to judges throughout the country since 1989. The lack of these materials delays the administration of justice. Therefore, this sub-project supports the Superior Judicial Council to classify and publish the jurisprudence of the high courts through December 1992. This sub-project seeks to have the Superior Judicial Council edit and publish high court rulings that occurred after January 1992 with its own resources.		
PROGRESS TO DATE: All the decisions from January 1989 to December 1991 were edited, published, and distributed to the courts throughout the judicial system to assist judges to make better decisions.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the operation and administration of the court system. Improved effectiveness of Regional and selected Ordinary Courts.		
No. 8 (FES)	SUB-PROJECT TITLE: Information Center for the Judicial Branch	IMPLEMENTING AGENCY: Superior Judicial Council

9/1

APPROVAL DATE: 11/13/92		
OBJECTIVE: To build a comprehensive judicial information center.		
AMOUNT APPROVED: \$49,286		EXPENDED TO DATE: \$0 (as of 3/31/93)
PROJECT DESCRIPTION: The sub-project will focus on developing a central judicial information center that will serve as a hub to a nationwide network on judicial information.		
PROGRESS TO DATE: The terms of reference to select a consulting firm were sent out. The selection of a contractor will soon be decided.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the operation and administration of the court system. Improved effectiveness of Regional and selected Ordinary Courts. Improved capabilities of the overall justice system in specific areas. Judicial information system established.		
No. 9 (FES)	SUB-PROJECT TITLE: Training Program for Magistrates on the New Criminal Procedural Code	IMPLEMENTING AGENCIES: Supreme Court of Justice
APPROVAL DATE: 08/03/92		
OBJECTIVES: Strengthen the capacity of Magistrates of High Courts on interpreting and using the new criminal procedural code.		
AMOUNT APPROVED: \$53,593		EXPENDED TO DATE: \$43,592
PROJECT DESCRIPTION: Three seminars to analyze and discuss the new Criminal Procedural Code will be organized and conducted.		
PROGRESS TO DATE: Three seminars were held: 1) October 9-10, 1992 in Cali with 36 participants, 2) October 30-31, 1992 in Cartagena with 44 participants, and 3) November 20-21, 1992 in Bogotá with 84 participants.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the operation and administration of the court system.		
No. 10 (FES)	SUB-PROJECT TITLE: Legislative Agenda	IMPLEMENTING AGENCY: Ministry of Justice
APPROVAL DATE: 08/03/92		
OBJECTIVE: Develop legislation for the administration of the justice sector in accordance with the new constitution.		

4/2

AMOUNT APPROVED: \$59,273		EXPENDED TO DATE: \$37,844
PROJECT DESCRIPTION: This sub-project currently supports the GOC by developing and presenting to Congress draft legislation critical to implementing the new constitution. The sub-project supports the hiring of consultants to undertake legislative studies that lead to draft legislation.		
PROGRESS TO DATE:		
<ol style="list-style-type: none"> 1. The bill to obtain the ratification of the Vienna Convention was presented to Congress. 2. Support was provided to draft legislation to amend the Criminal Procedure Code. The draft legislation has been submitted to Congress. 3. A draft bill of regulations for the justice sector has been developed. This proposed legislation is consistent with the new constitution. 4. A consultant was hired to gather and classify the discussions, lectures, and basic documents that support the design of a Judicial System Statutory Bill. 		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the operation and administration of the court system. Policy defined for the institutions in the court system.		
No. 11 (FES)	SUB-PROJECT TITLE: Supreme Court of Justice's Information System	IMPLEMENTING AGENCY: Supreme Court of Justice
APPROVAL DATE: 08/14/92		
OBJECTIVE: To establish a reliable judicial information system to enhance the Supreme Court's case management capability.		
AMOUNT APPROVED: \$171,429		EXPENDED TO DATE: \$0
PROJECT DESCRIPTION: This sub-project will support the implementation of the court's information systems plan with emphasis on establishing on-going communication between the Supreme Court and the other high courts of the justice sector.		
PROGRESS TO DATE: The Director of the Supreme Court's Systems Department submitted an information systems plan that is currently under consideration by FES.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved capabilities of the overall justice system in specific areas. Judicial information system established.		

29

No. 12 (FES)	SUB-PROJECT TITLE: Fostering of Alternative Dispute Mechanisms	IMPLEMENTING AGENCY: Ministry of Justice
APPROVAL DATE: 01/12/92		
OBJECTIVE: Develop conciliation centers and other appropriate alternative dispute resolution mechanisms		
AMOUNT APPROVED: \$429,014		EXPENDED TO DATE: \$7,872
PROJECT DESCRIPTION: This sub-project will continue to develop conciliation centers and other alternative dispute mechanisms by providing technical assistance and training.		
PROGRESS TO DATE: This sub-project provided technical assistance to create 31 new conciliation centers in major Colombian cities. This new number increases to 70 the total number of conciliation centers established with the project's support. Financial support to the Judicial Advisory Centers was provided to furnish legal assistance for low-income people. Additionally, seven mediation seminars have been conducted in which 310 persons have been trained.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved access, fairness, and public perception of the judicial system. Alternative dispute mechanisms are tested, strengthened, and implemented in selected regions of the country.		
No. 13 (FES)	SUB-PROJECT TITLE: Information Systems Plan	IMPLEMENTING AGENCY: Attorney General's Office (AGO)
APPROVAL DATE: 08/03/92		
OBJECTIVE: Support the implementation of the information systems plan in selected areas of the Office.		
AMOUNT APPROVED: \$237,000		EXPENDED TO DATE: \$0
PROJECT DESCRIPTION: This sub-project will support the AGO to establish a reliable information system which fully supports the administration of the AGO, its extensive judicial information network, and the permanent monitoring of its activities, including the establishment of performance indicators that allow it to measure its accomplishments.		
PROGRESS TO DATE: In 1992 a consulting firm designed the information system, which included three basic sub-systems-- administration, monitoring, and information/statistics. The JSRP will fund the procurement of data processing equipment. Installation is expected by September 1993.		

127

SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved access, fairness, and public perception of the judicial system. Strengthened capacity to deal with human rights violations and corruption on the part of justice sector personnel. Improved capabilities of the overall justice system in specific areas. An established judicial information system.

No. 14 (FES)	SUB-PROJECT TITLE: Total Quality Culture Program	IMPLEMENTING AGENCY: Attorney General's Office (AGO)
APPROVAL DATE: 08/14/92		
OBJECTIVE: Improve key administrative procedures in selected areas and install Total Quality Culture principles in the Attorney General's Office.		
AMOUNT APPROVED: \$42,243		EXPENDED TO DATE: \$39,858
PROJECT DESCRIPTION: This sub-project is revising and improving key administrative procedures in pilot areas within the AGO and establishing Total Quality Culture principles to enhance the services provided by the AGO.		
PROGRESS TO DATE: Twenty-five seminars have been conducted with an attendance of 168 officials from the AGO.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved access, fairness, and public perception of the judicial system. Strengthened capacity to deal with human rights violations and corruption on the part of justice sector personnel.		
No. 15 (FES)	SUB-PROJECT TITLE: Public Ministry Agents	IMPLEMENTING AGENCY: Attorney General's Office (AGO)
APPROVAL DATE: 11/13/92		
OBJECTIVE: Address the problem of corruption of public officials by developing effective mechanisms for prosecuting officials suspected of negligence or corruption in justice sector institutions.		
AMOUNT APPROVED: \$87,683		EXPENDED TO DATE: \$24,826
PROJECT DESCRIPTION: This sub-project will assist in developing the framework in which the agents of the AGO investigate and prosecute public sector personnel involved in corruption and negligence. The sub-project has two basic parts: 1. the "research and classification of the sentences by the State Council" of cases in which the GOC has been declared responsible due to corruption or negligence of public officials. 2. Implementation of new rules established by the Attorney General to investigate and prosecute public sector personnel.		
PROGRESS TO DATE: The director and staff were contracted. The research stage began.		

SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved access, fairness, and public perception of the judicial system. Strengthened capacity to deal with human rights violations and corruption on the part of justice sector personnel		
No. 16 (FES)	SUB-PROJECT TITLE: Municipal Attorneys	IMPLEMENTING AGENCY: Attorney General's Office (AGO)
APPROVAL DATE: 11/13/92		
OBJECTIVE: Improve the effectiveness of Municipal Attorneys.		
AMOUNT APPROVED: \$100,918		EXPENDED TO DATE: \$6,157
PROJECT DESCRIPTION: Municipal Attorneys, local officials with responsibilities for protecting civil rights, will be provided with increased administrative and technical support. The sub-project has three stages: 1) gathering and classifying of current laws about the Municipal Attorney's responsibilities and the writing of a bill to be presented to Congress in which the role of the Municipal Attorney is clearly defined; 2) conducting a national census of Municipal Attorneys; and 3) organizing and holding five regional workshops to discuss and define the role of the Municipal Attorneys.		
PROGRESS TO DATE: The director of the sub-project and her staff are designing and organizing the national census of Municipal Attorneys. The staff is also in the process of compiling the current laws that relate to the functions of Municipal Attorneys.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved access, fairness, and public perception of the judicial system. Strengthened capacity to deal with human rights violations and corruption on the part of justice sector personnel		
No. 17 (FES)	SUB-PROJECT TITLE: Communications Office of the Supreme Court	IMPLEMENTING AGENCY: Supreme Court of Justice
APPROVAL DATE: 08/14/92		
OBJECTIVE: Improve public opinion regarding the administration of justice by informing the public regularly of the main accomplishments of the judicial branch.		
AMOUNT APPROVED: \$7,304		EXPENDED TO DATE: \$2,863
PROJECT DESCRIPTION: Provide the Supreme Court with communications equipment for its Communication Office.		
PROGRESS TO DATE: The following equipment has been provided to establish the Communications Office: 1 television, 1 video cassette recorder (VCR), 1 hand held tape recorder, 1 fax machine, 1 transcription machine, 1 set of earphones, 1 microphone, and 1 stand.		

11

SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved access, fairness, and public perception of the judicial system. An effective public educational program promoting the rule of law and crime prevention.

No. 18 (FES)	SUB-PROJECT TITLE: Information System	IMPLEMENTING AGENCY: Ministry of Justice
APPROVAL DATE: 08/14/92		
OBJECTIVE: Develop an information system for the Ministry of Justice.		
AMOUNT APPROVED: \$66,284		EXPENDED TO DATE: \$17,745
PROJECT DESCRIPTION: Two groups of consultants will be contracted to establish the guidelines and content of an information system that suits the new structure of the Ministry of Justice. These consultants will specify the data processing equipment required.		
PROGRESS TO DATE: Two consulting firms were hired to design the information system and present more detailed proposals to develop and install the system. Shortly after the firms submitted their proposals, FES and the Ministry of Justice selected the firm to develop the system.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved capabilities of the overall justice system in specific areas. Judicial information system established.		
No. 19 (FES)	SUB-PROJECT TITLE: Constitutional Thesaurus	IMPLEMENTING AGENCY: Ministry of Justice
APPROVAL DATE: 01/12/92		
OBJECTIVE: Strengthen the comprehensive judicial information system that was first developed by the Presidency and unify the technical tools that will be used for analyzing and searching the constitutional documentation.		
AMOUNT APPROVED: \$4,286		EXPENDED TO DATE: \$0
PROJECT DESCRIPTION: This sub-project will define the legal terminology to be used in constitutional legislation and other relevant materials. The terminology will be classified and organized to serve the information needs of justice sector personnel. The thesaurus will become a fundamental tool to establish a comprehensive information network for constitutional law.		
PROGRESS TO DATE: Recruitment of sub-project management is underway.		

bb

SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved capabilities of the overall justice system in specific areas. Judicial information system established.		
No. 20 (FES)	SUB-PROJECT TITLE: International Affairs Office	IMPLEMENTING AGENCY: Ministry of Justice
APPROVAL DATE: 08/03/92		
OBJECTIVE: Foster international judicial cooperation by compiling, systematizing, negotiating, and monitoring international agreements related to justice administration.		
AMOUNT APPROVED: \$59,742		EXPENDED TO DATE: \$28,028
PROJECT DESCRIPTION: An office will be set up which will have the responsibility of fostering international cooperation and providing technical assistance for the Colombian justice sector.		
PROGRESS TO DATE: A comprehensive data base of the international judicial cooperation agreements signed by the GOC has been developed. Papers that examine the latest anti-narcotics techniques, legislation, and information systems were presented by the GOC at international seminars and conferences.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved capabilities of the overall justice system in specific areas. Judicial information system established.		
No. 21 (FES)	SUB-PROJECT TITLE: Enhancement of Security System	IMPLEMENTING AGENCY: Supreme Court of Justice
APPROVAL DATE: 11/13/92		
OBJECTIVE: Review and reinforce the court's security system.		
AMOUNT APPROVED: \$33,391		EXPENDED TO DATE: \$9,483
PROJECT DESCRIPTION: Security experts will fully review the current security system of the Supreme Court as a first step to upgrade it.		
PROGRESS TO DATE: With the support of experts from the U.S. Embassy, the security system of the Supreme Court, as well as the study with recommendations to enhance it, were reviewed. Based on the recommendations of the U.S. Embassy experts, the Supreme Court modified its security plan. Security equipment was purchased for the court.		

87

SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved capabilities of the overall justice system in specific areas. Strengthened security system throughout the justice sector; strengthened security system for judges and prosecutors		
No. 22 (ICITAP)	SUB-PROJECT TITLE: Strengthen Investigative Capacity	IMPLEMENTING AGENCY: ICITAP
APPROVAL DATE: 08/09/91		
OBJECTIVE: Improve the administration of justice by developing effective criminal investigative capabilities.		
AMOUNT APPROVED: \$6,900,000		AMOUNT OBLIGATED TO DATE: \$6,100,000
PROJECT DESCRIPTION: The ICITAP project will focus its technical assistance, training, and commodity assistance on the enhancement of five major areas: academy development, Public Ministry assistance (Office of Special Investigations of the Attorney General's Office), forensic development, judicial/witness protection, and the criminal investigative process.		
PROGRESS TO DATE: ICITAP has assisted the Judicial Protection Working Group headed by the Minister of Justice to design the Country's protection plan. This plan led to the creation of a Judicial Protection Services Division under the Special Directorate of the National Police. A full-time expert on protection matters was assigned by ICITAP to the Division to develop its infrastructure, policies, procedures, and a training plan.		
ICITAP has played a key role in the Strengthening of the Office of Special Investigations of the Attorney General's Office with the installation of a modern records system to cross reference prior investigations.		

97

SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES

Improved effectiveness of the investigative function

- Training capacity strengthened for investigators
- Crime scene processing units enhanced throughout Colombia

Improved effectiveness of the prosecutorial function

- Enhanced national prosecutorial training capacity; enhanced curricula for prosecutorial training

Improved effectiveness of the operation and administration of the court system

- Judicial school strengthened

Improved access, fairness, and public perception of the judicial system

- Strengthened capacity to deal with human rights violations and corruption on the part of justice sector personnel

Improved capabilities of the overall justice system in specific areas

- Strengthened security system throughout the justice sector

No. 23
(U.S.
Department
of Justice,
OPDAT)

SUB-PROJECT TITLE: Improve the Effectiveness
of the Prosecutorial Function (OPDAT)

IMPLEMENTING AGENCIES: Office of the Professional Development
and Training (OPDAT), U.S. Department of Justice and Colombia's
Prosecutor General's Office.

APPROVAL DATE: To Be Determined

OBJECTIVES: Strengthen the national prosecutorial training capacity

AMOUNT APPROVED: \$4 million

EXPENDED TO DATE: \$0

PROJECT DESCRIPTION: Consistent with the objectives of the JSRP, OPDAT proposes to provide: a) technical assistance in developing a national prosecutorial training capacity; b) training to Colombian prosecutors for regional and pilot prosecutorial units; and c) assistance in the development of prosecutor's manuals. In addition to these three main tasks, OPDAT and other components of the U.S. Department of Justice's Criminal Division will provide guidance and technical advise as it relates to the prosecutorial function.

PROGRESS TO DATE: The A.I.D. Representative in Colombia has fully reviewed OPDAT's first proposal. Comments were sent to OPDAT in June 1993 recommending a focus on the regional and selected prosecutorial units.

SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the prosecutorial function. Enhanced national prosecutorial training capacity. Improved prosecutor's manuals.

No. 24 (A.I.D./ Colombia)	SUB-PROJECT TITLE: U.S. Prosecutorial System Seminar	IMPLEMENTING AGENCIES: Prosecutorial General's Office, A.I.D./Colombia, Law School of University of Puerto Rico
APPROVAL DATE: 10/29/92		
OBJECTIVES: Train prosecutors to perform their new role in the Colombian justice system as it moves from one that is guided by an inquisitorial doctrine to one that is accusatorial. Prepare prosecutors to be instructors in the Prosecutor General's Office in the Prosecutorial School.		
AMOUNT APPROVED: \$91,100		EXPENDED TO DATE: \$91,100
PROJECT DESCRIPTION: Training in the following topical areas is provided: Investigative Techniques and Crime Scene Analysis, U.S. Constitutional and Prosecutorial System, Organization and Operation of Justice Department and of other Top Investigative and Prosecutorial Institutions in Puerto Rico, Case Management Systems, Witness Protection Programs, and Presentation of an Accusation to the court, among others.		
PROGRESS TO DATE: The three week seminar was conducted in San Juan, Puerto Rico from November 13 to December 6, 1992. Fifteen senior Prosecutors attended.		
SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved effectiveness of the prosecutorial function. Enhanced national prosecutorial training capacity.		
No. 25 (A.I.D./ Colombia)	SUB-PROJECT TITLE: Strengthening the Justice Sector Security System	IMPLEMENTING AGENCIES: Ministry of Justice, Judicial Protection Services Division under the Special Operations Directorate of the National Police, and AID/Colombia
APPROVAL DATE: 10/29/92		
OBJECTIVES: Strengthen the security system for judges and prosecutors.		
AMOUNT APPROVED: \$1.1 million		EXPENDED TO DATE: \$0
PROJECT DESCRIPTION: Purchase of 50 armored vehicles for protection of judges, prosecutors, and top judicial personnel.		

10/1

PROGRESS TO DATE: 1. A.I.D./Colombia is completing documentation to procure the cars after extensive consultation with the Regional Contracting Office, the Minister of Justice, the U.S. Embassy, and A.I.D./Washington. 2. A.I.D./Colombia has prepared a draft letter to the Ministry of Justice requesting detailed information about the process to control, distribute, assign, and maintain the cars between the different top justice sector institutions. The draft letter is currently being reviewed by the Country Team's AOJ Committee Members. The information requested will be provided by the Ministry. 3. A.I.D./Colombia expects to complete documentation by July 1993. However, according to the A.I.D. contracting office in Washington, cars would be procured after September 1993 once the 1994 models are available.

SUB-PROJECT'S RELATIONSHIP TO A.I.D. OBJECTIVES: Improved capability of the overall justice system in specific areas.
Strengthened security system for judges and prosecutors.

Training Activities of the JSRP (October 1992 - March 1993)

Type of Training	Agency Supporting the Training / Training Institutions	Sub-Project	Number of Persons Trained This Period	Number of Persons Trained to Date
1 U.S. Prosecutorial System Seminar	Prosecutor General's Office (PGO)/, A.I.D./ Colombia, and the Law School of the University of Puerto Rico	U.S. Prosecutorial System Seminar (A.I.D./Colombia)	15	15
2 Strategic Management Workshops	PGO/Universidad del Valle	Strategic Management Workshops for the PGO (FES)	25	50
2 Workshops Series (5 each) for employees who will facilitate and promote Total Quality Culture Processes with the Attorney General's Office (AGO)	AGO/Moralco (consulting firm)	Total Quality Culture Program for the AGO	66	66
1 Seminar on Evaluation of the Process to Establish TQC Processes	AGO/Andes University		0	1
1 Management Styles Seminar	AGO/Arthur Anderson Consulting		4	4
2 Management Effectiveness Seminars	AGO/ VHS Editores (consulting firm)		3	3
2 Time Management Seminars	AGO/Arthur Anderson		3	3
1 Effective Meetings Seminar	AGO/Arthur Anderson		5	5
1 Management Skills Workshop	AGO/Andes University		3	3

102

Type of Training	Agency Supporting the Training / Training Institutions	Sub-Project	Number of Persons Trained This Period	Number of Persons Trained to Date
1 Interpersonal Skills Seminar	AGO/Andes University		4	4
2 Management Skills Development Seminars	AGO/Moralco		58	58
2 Strategic Planning Seminars	AGO/Moralco		41	41
3 Criminal Procedural Code Seminars	Supreme Court of Justice/Judicial School	Training Program for Magistrates on the New Criminal Procedural Code	164	164
3 Mediation Techniques for Lawyers Seminars	Ministry of Justice/National School Lawyers Association and the Popular Socio-Judicial Foundation	Fostering Alternative Dispute Resolution Mechanisms	0	89
2 Lectures on Mediation Centers	Ministry of Justice/ University of Santiago de Cali and University of San Buenaventura		0	144
2 Workshops on Mediation Centers and Techniques	Ministry of Justice/Pasto Chamber of Commerce and the National Institute for Family Welfare		0	67
1 Coordination of Criminal Investigations Seminar	PGO/ICITAP	(ICITAP): Improvement of the Investigative Function	0	26
1 Instructor Development Seminar			0	15
1 Techniques of Protection Seminar			0	25

104

Type of Training	Agency Supporting the Training / Training Institutions	Sub-Project	Number of Persons Trained This Period	Number of Persons Trained to Date
1 Professional Responsibility and Police Integrity Seminar			24	24
1 Witness Security Program Seminar			4	4
1 Financial Crimes Investigations Seminar			32	32
2 Financial Crimes Investigation Seminars	AGO/ICITAP		18	36
1 Techniques of Protection Seminar	Ministry of Justice/ICITAP		0	41
2 Instructor Development Seminars	GOC's Investigative Agencies/ICITAP		14	29
1 Basic Serology Seminar			9	9
2 Crime Scene Specialist Seminars			74	74
1 FBI National Academy Graduate Training Session	National Police, Administrative Security Department (DAS)/ICITAP		7	7
1 American Academy of Forensic Sciences Annual Meeting	Institute of Legal Medicine, the National Police Criminalistic Laboratory, PGO, and DAS/ICITAP		8	8

Type of Training	Agency Supporting the Training / Training Institutions	Sub-Project	Number of Persons Trained This Period	Number of Persons Trained to Date
4 Investigative Techniques Seminars	Superior Judicial Council, GPO, GOC Investigative Agencies/ICITAP		168	224
TOTAL			749	1,271

106

PERU

PROJECT NAME	PROJECT NUMBER	START/END DATES	PROJECT FUNDING	EXPENDED TO DATE
Economic Stabilization and Recovery	527-0344	1991-1994	\$330 million	\$20 million

PROJECT PURPOSE: To strengthen Peru's commitment and efforts to establish a sound economic policy framework that serve as the foundation for economic stability and sustained economic growth. The program also addresses the problem of a macroeconomic framework that facilitates the creation of alternate sources of income to advance counter-narcotics objectives.

PROJECT DESCRIPTION: The 1991 Program 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 counter-narcotics activities. The U.S. dollars funds will be provided in three tranches. 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 debt to the International Monetary Fund (IMF), the World Bank and the Inter-American Development Bank (IDB), as consistent with the Economic Support Funds (ESF) Cash Transfer Assistance Amplified Policy Guidance.

GENERAL COMMENTS: The GOP has adopted a firm economic stabilization program aimed to bring inflation down and implemented a set of structural reforms designed to allocate resources through competitive and efficient private markets. Despite the events of April 5, 1992, the GOP has been able to raise all external financing from the international financial institutions and has met the strict conditionality of the IMF's Rights Accumulation Program.

The GOP met the Conditions Precedents (CPs) for the first disbursement in December 1991. The U.S. Mission's two remaining disbursements have been blocked following the events of April 5. The US Mission to Peru reported to Washington that all CP's had been met for all tranches. However, as of this date, there is continuing discussion in the Department of State regarding the possibility of adding a new CP related to a particular human rights issue. The program agreement was renegotiated to provide for generation of counterpart funds at a lower level and to cover A.I.D. trust fund requirements, grantee management costs, and (in final two tranches, not yet disbursed) financing of high priority projects (total Life of Project counterpart contribution is \$ 15,500,000 plus \$ 4,500,000 for A.I.D. trust fund).

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).

Economic Stabilization and Recovery Project (527-0344)

PERU

INDICATORS	BASELINE 1992	TARGET 1993	ACCOMPLISHED JAN. - MAR. 93	COMMENTS
MACROECONOMIC INDICATORS				
GDP growth rate (%)	-2.8	3.5	-2.1	
Inflation rate (%)	56.7	27	13.6	
Domestic investment (% of GDP)	15.5	16.8	14	
National savings (% of GDP)	10.4	10.8		
External savings (% of GDP)	5.1	6		
Consolidated deficit (% of GDP)	2.5	2.9		
Primary surplus (% of GDP)	0.5			
Quasi-fiscal deficit (% of GDP)	0.1	0.1	0	
Domestic financing of budget deficit (% of GDP)	0.1	0		
Tax revenues (% of GDP)	9.3	10	9.6	
Privatization revenue (% of GDP)	0.1	0.6	0.1	
Growth rate of currency (%)	71.2	35	-2.5	
Growth rate of M2 (%)	60.3	36	3.1	
Central Bank net domestic assets (%)	-6.7	Constant		
Change in international reserves of the Central Bank (\$ mil)	697	428	162	
External current account deficit (% of GDP)	5	6		
Export volume growth rate (%)	4.7	4		

105

Economic Stabilization and Recovery Project (527-0344)

PERU

INDICATORS	BASELINE 1992	TARGET 1993	ACCOMPLISHED JAN. - MAR. 93	COMMENTS
Debt payments to International Financial Institutions	current	remain current		
Private capital inflows (\$ billion)	2	1.4		
Number of tariff rates (units)	2	2	2	
Surcharge system (# of products)	19	20	20	
Wheat & products surcharge (%)	> 45	40	35	
Trading National Enterprise- ENCI- trading limit ('000 MT)	300	food donations only		

Source: Central Reserve Bank

101

PROJECT NAME	PROJECT NUMBER	START/END DATES	PROJECT FUNDING	EXPENDED TO DATE
Export, Trade, and Development	527-0349	1991-1997	\$ 19.5 million	\$0.68 million

PROJECT PURPOSE: To generate employment and increase Peru's exports, primarily non-traditional exports, replacing coca-generated foreign exchange earnings with legal alternatives.

PROJECT DESCRIPTION: The project provides technical assistance to exporters through the Association of Exporters (ADEX) and an Institutional Contractor (IC) in the areas of agriculture/agroindustry, light industry/metalworking and fishing sectors, and by enhancing the export promotion services capability of ADEX and other export promotion organizations to provide substantial export services after the project ends.

GENERAL COMMENTS: The project's title was formerly Investment and Export Promotion. The major activities planned for the project, under the IC, have been delayed for political reasons. Following A.I.D./Washington's (A.I.D./W) guidance on the implications of Foreign Assistance Act Section 599, an amendment to the Project Paper was issued, and the Request For Proposal (RFP) was modified as required. The main changes in the RFP were that sectoral specialists will be contracted in country, with only the Chief of Party contracted in the U.S., and an Information Management Specialist was substituted for the Apparel Specialist. Proposals for the IC's services have been received and their evaluation is under way.

Given the delay in contracting the IC, some activities such as the design of the Monitoring and Tracking System and the Commercial Information System have been started by ADEX. The ADEX team (sector specialists) is in the process of being selected and completed. The Information and Documentation Center (CID) has been considered a main element for the Project's success thus far. An assessment of available commercial information in Peru was carried out in December 1992. A firm-level survey on exporters' perception of commercial information needs has been contracted and results will be ready in July 1993. Both reports will serve as basis for the RFP for the contractor who will design the CID. The design is expected to be finished before the IC is in country.

ADEX is coordinating activities with other private business associations. An Export Sector Panel has been established to identify export-related issues for further study and articulate proposals to the GOP. The Export Sector Panel has already identified issues for an arbitration center, a study on productive potential, and a Junior Achievement program, among others. Relaxed security restrictions allowed the productive visit of short-term specialists for ADEX and the International Executive Services Corps (IESC). Experts have participated in workshops/seminars and have provided technical advisory services to various companies. In 1993 to date more than 30 workshops/seminars have been programmed, some of which have already been carried out. ADEX and IESC have made an initial assessment of agro-industrial activities carried out in the Upper Huallaga Valley.

The following outputs represent only the initial activities performed by the project. Both outputs and indicators will be revised upon the arrival of the institutional contractor.

110

Export, Trade and Development Project (527-0349)

PERU

OUTPUT INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
Improved export promotion services capability				
New markets developed		2	2	Analysis of U.S. market for agricultural products; Asian market for fisheries products.
Export-related policy constraints resolved				Export Sector Panel Established
Policy issues identified and resolved		5	5	Issues identified: arbitration center, productive potential, Junior Achievement.
Improved quality and competitiveness				
Number of Technical Workshops/Seminars provided on:				Average of 80 participants per seminar/workshop
Coffee	1		1	Assistance in marketing
Garlic	1	1	2	Assistance in production
Fruits and Vegetables	1	1	2	Assistance in marketing
Beans	2	2	4	Assistance in marketing and production
Jojoba	1		1	Assistance in production
Seafood for human consumption	1		1	Assistance in production
Textiles	1		1	Assistance in production
Jewelry	1		1	Assistance in production

Export, Trade and Development Project (527-0349)

PERU

OUTPUT INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
Packaging Technologies		3	3	Assistance in technology and marketing
Participation in International Fairs		2	2	Training on trade promotion
Number of Technical Assistance interventions				
Metal mechanics	1	1	2	Assistance in technology
Textiles	2	1	3	Assistance in management, technology, and product development
Chemicals	2	1	3	Assistance in technology and product development
Packaging products	1	3	4	Assistance in product development
Food processing	1		1	Assistance in management
Fisheries	1	2	3	Assistance in technology
Trading services	2	2	4	Assistance in technology and marketing
Improve content and delivery of information on external markets				An assessment of commercial information available in Peru has been carried out, including survey on firm's perception of needs and perspectives of commercial information in process. Results will be available soon.

112

PROJECT NAME	PROJECT NUMBER	START/END DATES	PROJECT FUNDING	EXPENDED TO DATE
Upper Huallaga Area Development	527-0244	1981-1994	\$29.8 million	\$27.3 million

PROJECT PURPOSE: To support the GOP's development and narcotics control activities in the Upper Huallaga Valley (UHV) by strengthening local government and community participation in the development process, by improving physical and social infrastructure, and by promoting agricultural activities which will replace illicit crops.

PROJECT DESCRIPTION: The Upper Huallaga Area Development (UHAD) Project develops and transfers appropriate agricultural technologies to strengthen agricultural support services in the UHV. Project activities carried out in support of this purpose have concentrated on reestablishing GOP agricultural development services in the Valley. These activities include: 1) adaptive research to determine the agronomic, economic, and socio-cultural feasibility of agricultural technical packages; 2) expanding and upgrading existing extension services; 3) 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; 4) providing short- and long-term agricultural credit; 5) strengthening farm production activities (e.g. land registration, grain storage facilities, agricultural and resource information); and 6) improving road maintenance and providing potable water systems and related community development facilities to local communities. The project now operates in the Central and Lower Huallaga Valleys, and there is a new emphasis on community participation and private sector involvement.

GENERAL COMMENTS: In December A.I.D./Washington, with the concurrence of the interagency counter-narcotics group, extended the UHAD Project until June 30, 1994 from December 31, 1992. The \$7 million USAID funding for the extension was delayed by U.S. Congressional staff concerns over the new administration's review of the USG counter-narcotics policy. A compromise \$1.95 million, three-month funding package was negotiated pending a review of USG policy.

- The GOP approved 4.2 million soles (about \$2.47 million) in its 1993 budget and \$2.35 million in host country owned local currency (HCOLC) to keep the UHAD Project operational. This funding demonstrated the GOP commitment to counter-narcotics economic assistance and matches the GOP's stance in enforcement and security.
- The UHAD Project and GOP implementing agency--the Upper Huallaga Special Project (PEAH)--continues with its social and physical infrastructure, agroforestry, productive activities, and pilot projects. As mentioned in the last report, one of the pilot projects is the Ponaza Valley. The construction of the Picota Bridge, a 260-meter, suspension superstructure that will provide access to the Ponaza and Biabo Valleys is the primary activity there. Recently, USAID/Peru approved and the GOP authorized the use of \$1 million from PL-480 local currency to conclude the remaining work on the bridge. The road connecting this bridge to the Ponaza Valley road is being rehabilitated and will also be completed in time for the inauguration of the bridge scheduled for August 17, 1993. This road is approximately 10 kilometers long and

1/3

includes the construction of a 50-meter bridge across the Ponaza River. The Ponaza Valley road is 75 percent finished, and the project is now in the stage of promoting alternative agricultural production in the valley.

- Pilot activities in the Ponaza Valley to date have constructed approximately thirty classrooms, seven health centers, seven nurseries, two potable water systems, one communal fish pond, thirty-two latrines, one rice mill, one community center, four sports plazas, and numerous training courses in environment protection, health, and drug prevention and awareness. Approximately 30 kilometers of road have been rehabilitated. The Ponaza Valley pilot project also finished a land registration process which provided land titles to 176 farmers, covering an area of 3,746 hectares. Now the entire area of the Ponaza Valley is registered. Also, all new classrooms are being provided with desks, chairs, tables, and packages of basic text books. Local carpenters manufactured the furniture, thus boosting the local economy.
- PEAH financed the construction of eight agro-processing plants, which began to operate in the UHV during this reporting period. With the assistance of PEAH, the banana flour processing plant in San Miguel entered into an agreement to sell 3,890 kilograms/month of banana flour to a social food program in Tingo María. The small and medium processing plants will reduce the cost of production and transportation and will maintain demand and prices of local crops. For the remaining implementation period, PEAH does not intend to promote more capital loans for agro-industry construction. Instead, PEAH will arrange managerial, marketing, and technical training. Recommendations will be developed to strengthen the promotion of agro-industries during the implementation of the SER Project. The NSD-18 funded Export, Trade, and Development Project will also provide technical assistance to PEAH-supported agro-industries within its area of expertise.
- USAID Special Projects and Capital Projects Division Chiefs traveled with the U.S. Military Advisory Assistance Group to see the road maintenance and repair work being done by Peruvian Army Battalions in the Upper Huallaga to assess in the field the capabilities and restrictions the Army Battalions face during the rehabilitation of roads under their civic action activities. During the reporting period the Peruvian Army, with Ministry of Transportation funds, rehabilitated the 56 kilometers section Juanjui-Punta Arenas, reducing travel time and costs by eighty percent. Another purpose of the A.I.D. team visit was to evaluate the possibility that the Peruvian Army could rehabilitate 85 kilometers of road between the Pizana Bridge and Punta Arenas. The rehabilitation of this section will open the road from Tarapoto to Lima via Juanjui and Tocache. The travel time is two days shorter than the Tarapoto-Bagua-Chiclayo-Lima road and would definitely have a great impact on transportation costs and new markets for Huallaga products.
- CEDRO (Center for Education and Information on Drug Awareness and Prevention), the implementing agency for the Narcotics Education and Community Initiatives (NECI) Project, signed an agreement with PEAH to develop drug prevention activities in the UHV. Some of the activities are taking place with the prominent participation of women and children. The activities are called "Cara a Cara" ("Face to Face"), "Juntos por la Vida" ("United for Life") and "Escuela de Padres" ("Father Schools"). CEDRO is coordinating this work with local municipal governments to emphasize drug prevention awareness in local schools. NECI and the Ministry of Education organized the seventh meeting on Drug Prevention and Education at Tarapoto in March. Some 47 participants attended (35 percent women), including representation from 16 schools from different valleys where PEAH is presently working. Representatives from valleys like Ponaza, Biabo, Bellavista, Picota, and Tarapoto participated in the meeting. The next meeting will be held in Tingo María for residents of Uchiza, Tocache, and Aucayacu.

114

- Japanese Embassy and UNDCP representatives visited USAID Upper Huallaga project areas. This visit was a part of USAID actions to convince other donors to participate in our country's narcotics economic assistance efforts. The visitors appreciated the receptiveness and collaboration of farmers in the program.
- The project will soon begin integrated development activities tied to reduction of coca production in the Biabo Valley, Tocache/Uchiza area, and Sisa Valley. For the Democratic Community Development activities, the project will implement activities throughout San Martín Region and in the Province of Padre Abad in Ucayali Region as well as in Leoncio Prado. The total amount programmed for this activity, including HCOLC, is \$3.5 million.
- A major setback that the project has faced in the last two years has been unfavorable weather conditions and a virtual break down of the agricultural credit system in the Huallaga region. These two factors, particularly credit, have significantly reduced agricultural production in the Huallaga region in the early 1990s after substantial gains throughout the 1980s. These trends appear on the table on the next page. In 1991 the GOP dismantled the state marketing monopolies in rice and maize, as well as the Agrarian Bank, as part of its market reforms. The short-term effect on agricultural in the Huallaga region has been negative. Agricultural credits from this project have been insufficient to meet the needs of large commercial rice and maize producers. USAID/Peru is working with the GOP to mitigate the situation through some type of private, rural financial institutions. Meanwhile, USAID/Peru has provided large amounts of food aid to the region to offset reduced agricultural production.

115

Upper Huallaga Area Project (527-0244)

PERU

PROJECT PURPOSE INDICATORS (Agricultural Production)	1990	1991	1992 (Preliminary)	Comments
				Indicators for this project purpose only can be measured on an annual basis. Baseline = 1980
Rice (hectares)	9,114	2,618	1,362	38% below 1980 level
Maize (hectares)	8,104	5,650	5,492	21% below 1980 level
Banana (hectares)	9,662	9,782	10,306	98% above 1980 level
Yucca (hectares)	6,896	6,399	6,345	190% above 1980 level
Rice (metric tons)	32,800	8,261	3,901	120% above 1980 level
Maize (metric tons)	14,700	11,211	9,050	10% above 1980 level
Banana (metric tons)	74,700	75,949	80,732	130% above 1980 level
Yucca (metric tons)	61,700	57,730	57,535	110% above 1980 level

116

Upper Huallaga Area Project (527-0244)

PERU

INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
OUTPUT INDICATORS				
Agricultural Support Services Developed and Provided				
Number of Persons who Received Long-term Agricultural Training			19	100% of LOP target
Number of Demonstration Plots Planted Installed	118	34	2,2021	71% of LOP target
Number of Farmers who Received Technical Assistance	1,747	1,186	18,156	97% of LOP target
Distribution of Seeds of Alternative Crops (rice, maize, beans) (kilograms)	23,203	18,349	205,275	48% of LOP target
Distribution of Seedlings of Alternative Crops (cacao, coffee, banana, yucca, citric) (units)	287,985	347,134	2,015,506	244% of LOP target
Number of Statistical Reports Published	5	1	19	210% of LOP target
Number of Land Titles Registered	333	386	5,418	97% of LOP target. These titles cover approximately 108,360 hectares of land.
Amount of Working Credit Provided	\$716,143	\$1,115,140	\$6,059,106	134% of LOP target
Number of Working Credits Provided	758	245	3,395	
Amount of Capital Credit Provided	\$462,686	\$212,355	\$675,041	
Number of Capital Loans Provided	9	0	9	

Upper Huallaga Area Project (527-0244)

PERU

INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
Construction of a rice mill (Capital Loan financed)	42%	35%	100%	Operating. Percent refers to the percent of the sub-project completed during each reporting period.
Construction of pineapple processing plant (Capital Loan)	52%	8%	100%	Operating
Construction of a banana processing plant (Capital Loan)	65%	15%	100%	Operating
Roads Rehabilitated				
Kilometers of Road Repaired	58.2	128.9	1,469.1	95.5% LOP target
Community Projects Developed				
Community Vegetable Gardens Installed	247	132	435	9,570 families benefitted
Community Small Animal Farms Installed	70	106	235	4,935 families benefitted
Number of Fish Farms Installed	6	5	21	350% of LOP target. More than 2,100 families benefitted.
Classrooms constructed/rehabilitated	16	74	619	39,950 students benefitted
Number of Rural Potable Water Systems Installed	4	8	51	8,415 families benefitted
Number of Persons Trained in Health	166	100	3,675	
Health Centers constructed/rehabilitated	8	13	110	4,356 families benefitted

113

PROJECT NAME	PROJECT NUMBER	START/END DATES	PROJECT FUNDING	EXPENDED TO DATE
Administration of Justice	527-0303	1986-1993	\$3.51 million*	\$2.35 million

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.

PROJECT DESCRIPTION: The project will identify and foster local efforts to prosecute in a just and speedy manner cases particularly related to narcotics trafficking and terrorism; raise professional standards for judges and prosecutors; organize and manage judicial personnel; improve administrative planning, budgeting skills, and system capacity; and, more generally, inspire trust in judicial institutions and the rule of law. The project works with four major institutions (Public Ministry, Judicial Branch, Ministry of Justice, and the National Police) in four sub-projects: 1) Special Prosecution System (faceless judges and special tribunals), 2) Accusatorial System (Registry of Detainees, new criminal procedural code, and case tracking), 3) Administrative Management (court administration), and 4) Policy Option Studies (studies on the judiciary).

GENERAL COMMENTS: The signing of Grant Agreement Amendment Number 4 on September 30, 1992 resulted in 1) the extension of the Project Assistance Completion Date by an additional year to December 31, 1993; 2) the obligation of \$660,000 in additional grant funds; 3) a simplification of the project design from 23 sub-projects to 4 activities; and 4) the transfer of project implementation responsibilities from the 3 principal GOP institutions involved in the administration of justice (the Judicial Branch, the Public Ministry, and the Ministry of Justice) to USAID.

Three important contracts were signed during the period: one with the School of Business Administration to reorganize and staff the Public Ministry, a second with Hansen-Holm, Alonso & Co. to design and implement the recently mandated Office of the Court Administrator in the Judicial Branch, and a third with Instituto Apoyo to develop a baseline study on performance indicators for the Peruvian judicial system.

An important accomplishment during this reporting period was the complete installation of fully-automated case-tracking systems, which were installed in 30 prosecutors' offices in Lima.

* An additional \$500,000 was provided through the Department of Justice for their ICITAP training program.

119

INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
STRATEGIC OBJECTIVE INDICATORS				
Percentage of Public with No Confidence in the Judicial System		79%		Public opinion poll (1993)
Percentage of Lower Socio-economic Groups with Access to the Judicial System				New data will be available for next reporting period
Number of Accusations of Disappearances Reported to the Public Defender's Office	277	72		Public Defender reports
PURPOSE INDICATORS				
Percentage of Persons in Penitentiaries Awaiting Trial			75%	Judicial statistics (1991)
Average Time for Judicial Process			2 years and 2 months	Judicial statistics (1991)
Ratio of Number of Trials Processed to Number of Trials Pending			24%	Judicial statistics (1991)
OUTPUT INDICATORS				
Ministry of Justice				
Number of Users at Enhanced Legal Library	500	500	2,000	
Number of Volumes at Enhanced Legal Library	50	50	600	

Administration of Justice Project (527-0303)

PERU

INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
Public Ministry				
Development of Manuals for Application of New Criminal Procedures Code (percent completed)	0%	20%	40%	New Criminal Procedures Code has been postponed again. It should be operating in January 1994. ICITAP is providing assistance toward that end.
Establishment of National Registry of Detainees	20%	20%	70%	Quality and quantity of its data is being improved.
Cases Resolved by the Special Prosecutor's Office	108	42		Human Rights violation cases. Public Defender reports.
Number of Prosecutors Trained	60	0	965	102% of LOP target
Number of Courses Developed	3	0	68	Funded this period with PL-480 local currency funds.
Percentage of Prosecutors' Offices with Manual Case Tracking System	20%	20%	100%	Cumulative figure corresponds to Lima Prosecutors' offices
Judicial Branch				
Development of Manuals for Application of New Criminal Procedures Code (percent completed)	0	20%	40%	New Criminal Procedures Code has been postponed again. It should be operating in January 1994. ICITAP assistance provided.
Number of Judges Trained	30	0	405	68% of LOP target
Number of Courses Developed	1	0	19	Funded this period with PL-480 local currency funds.

121

Administration of Justice Project (527-0303)

PERU

INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
Number of Courts Implementing Manual Case Tracking System	10	0	10	25% of LOP target
Financial and Personnel System Designed and Implemented	100%	0%	100%	100% of LOP target. Designed and implemented in 1991.
National Polics				
Development of Manuals for Application of New Criminal Procedures Code (percent completed)	0%	20%	40%	New Criminal Procedures Code has been postponed again. It should be operating in January 1994. ICITAP assistance provided.
Establishment of Registry of Detainees	20%	20%	70%	Quality and quantity of its data is being improved.

122

PROJECT NAME	PROJECT NUMBER	START/END DATES	PROJECT FUNDING	EXPENDED TO DATE
Narcotics Education and Community Initiatives	527-0347	1993-1997	\$8.8 million	\$0.69 million

PROJECT PURPOSE: To stimulate national awareness leading to activities that counteract drug production, trafficking, and abuse and the consequences of these activities.

PROJECT DESCRIPTION: The primary focus of the Project is to stimulate nationwide awareness of the country's drug-related problems. To achieve this, it is necessary to strengthen CEDRO (The Center for Information and Education on Drug Abuse Prevention, founded with A.I.D. funding under the predecessor Drug Education and Public Awareness Project--DEPA) as a private, non-partisan, financially self-sustainable drug information and education center. The goal is for CEDRO to be well-respected throughout the country and be the primary national authority in promoting drug awareness and in developing and promoting drug prevention campaigns in Peru after project completion. 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, and the consolidation of the Street Children Program.

GENERAL COMMENTS: CEDRO's first year Action Plan was approved in late October 1992. In spite of the fact that funds were not made available to CEDRO until mid-December 1992, CEDRO moved quickly with project activities. The agreement with the Ministry of Education to expand the Drug Prevention Program (DPP) was signed in November 1992. As of March 31, 1993, 120 new high schools nationwide now have the tools and materials to replicate the installation of the DPP to at least 1,200 schools in a second round.

CEDRO's effective action with opinion leaders and congressmen resulted in, for the first time ever, the incorporation in the Peruvian Constitution of the following statement: "the State fights and punishes the illicit trafficking of drugs." This is considered a major breakthrough.

123

Narcotics Education and Community Initiatives Project (527-0347)

PERU

INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
PURPOSE INDICATORS				
Percentage of Public who Think Drugs are a Major Problem for Peru.	28%	43%	43%	Refers to "one of the two major problems". Source: CEDRO's 1992 Public Opinion Survey.
Number of Community Level-conceived and Implemented Drug Prevention Activities per Year.		10	10	33% of 1993 target
Number of Newspaper Editorials per Month.		3	3	75% of 1993 target
OUTPUT INDICATORS				
Private Drug Education and Information Center Self-Sustainable				
Non-A.I.D. Funds Raised for Self-Sufficiency.	150,000	79,000	229,000	\$150,000 were raised by CEDRO under the previous DEPA Project. Target for 1993: \$100,000
Increased Dissemination of Drug Awareness Information				
Number of High Schools with Drug Prevention Curricula Adopted.		100	100	40% of 1993 target
Number of Surveys Conducted.		0	0	Target for 1993: 3 surveys
Number of Yearly Radio/TV Campaigns		1	1	100% of 1993 target
Increased Community Organizations in Awareness and Prevention				

124

Narcotics Education and Community Initiatives Project (527-0347)

PERU

INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
Number of Community-Based Institutions Incorporated		40	40	40% of 1993 target
Maintain five Street Children Centers as Models for Nation.	5	5	5	CEDRO maintains operation of five facilities founded under the DEPA Project. 100% of target.

125

PROJECT NAME	PROJECT NUMBER	START/END DATES	PROJECT FUNDING	EXPENDED TO DATE
Policy Analysis, Planning and Implementation (PAPI)	527-0343	1990-1995	\$7.15 million	\$0.759 million

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

PROJECT DESCRIPTION: The project provides high-level technical expertise to meet the needs of the Government of Peru (GOP) for planning, developing, implementing, and monitoring economic policies, programs, and projects. Macroeconomic analyses and information dissemination related to policy analysis and the decision-making process will benefit both the public and the private sectors. High-level participation through the Inter-agency Committee for Financial and Economic Affairs and the Office of Secretary of the Presidency ensures that the project addresses priority policy areas in the public sector. Private sector policy analysis is organized by the National Confederation of Private Enterprise Institutions (CONFIEP).

GENERAL COMMENTS: Most pre-implementation activities had been completed and the Institutional Contractor (IC) 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 GOP. As a consequence this brought an indefinite delay of the project start-up by the IC. Meanwhile, the project continued supporting private sector (CONFIEP) initiatives through direct A.I.D. support. In December 1992 A.I.D./W approved full project operation with the IC, which is currently working with the Deputy Chief of Party until the Chief of Party (COP) arrives in mid 1993. The embassy did not allow the COP to be assigned earlier because of security concerns.

The IC has continued working with CONFIEP and, in coordination with the project's Technical Unit, has started reviewing GOP proposals. An initial public sector training program for the Constituent Assembly has begun. A training officer will be hired next June to start the project's training and dissemination component.

126

Policy Analysis, Planning and Implementation Project 527-0343

PERU

INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
MACROECONOMIC INDICATORS	1991	1992	JAN 93 - MAR 93	
GDP Growth Rate	2.4%	-2.8%	-2.1%	Average percentage increase over the same period of the previous year.
Inflation Rate	139.2%	56.7%	13.6%	
Export Growth Rate	0.1%	4.7%	N.A.	
Change in Net International Reserves (\$ million)	773	697	162	
Fiscal Deficit as % of GDP	2.7%	2.5%		Non-Financial Public Sector Deficit.
Private capital inflows (\$ billion)		2		
Private Investment as % of GDP	12.4%	N.A.	N.A.	
Improved Economic Policy Climate (Represents Progress Toward Achieving Target Score, i.e. Economic Policy Framework as Good as Chile's)	76.7	84.6		Economic Policy Score Index from the Futures Group is currently Used. See policy score index that follows.
OUTPUT INDICATORS				
Mid-level GOP and Private Sector Training				
Short-term Training (Person Months)	1	3	4	One officer from Vice-Ministry of Industry trained in restructuring industrial enterprises. Two officers from Central Reserve Bank and one from Ministry of Economy (seminar on abating inflation).

137

Policy Analysis, Planning and Implementation Project 527-0343

PERU

INDICATORS	APR 92- SEP 92	OCT 92- MAR 93	CUMULATIVE	COMMENTS
Long-term Training (Masters Degrees)				To be performed by institutional contractor
In-country Training (Person Months)				To be performed by institutional contractor
Policy/Regulatory/Institutional Constraints Resolved				
Policy/ Regulatory Studies (See tables attached)				

128

ECONOMIC POLICY SCORE INDEX
(Actual and targets)

Category Weights	Policy Areas	Policy Criteria	Policy Weights "The Ideal"	1980-1988		1989		1990-1991		1992		1992-1993	
				Baseline 1 Index		Baseline 2 Index		Actual Index		Current Index		Target Index	
				Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score
19	Trade policy	Low and uniform non-tariff barriers	9	60%	5.4	20%	1.8	80%	7.2	90%	8.1	85%	7.65
		Low and uniform tariff barriers	6	60%	3.6	30%	1.8	70%	4.2	85%	5.1	80%	4.8
		No local content regulations	4	50%	2	30%	1.2	90%	3.6	90%	3.6	90%	3.6
14	Exchange rate policy	Market determined exchange rate	9	50%	4.5	20%	1.8	90%	8.1	90%	8.1	95%	8.55
		Minimal exchange controls	5	70%	3.5	10%	0.5	100%	5	100%	5	100%	5
11	Credit policy	Market-driven real interest rates	7	70%	4.9	20%	1.4	90%	6.3	100%	7	90%	6.3
		Minimal preferential interest rates	1	60%	0.6	30%	0.3	80%	0.8	90%	0.9	85%	0.85
		Equal access to capital	3	60%	1.8	30%	0.9	70%	2.1	80%	2.4	80%	2.4
11	Wage/price policies	Limited wage and price controls	7	70%	4.9	20%	1.4	90%	6.3	95%	6.7	95%	6.65
		Minimal subsidies	4	70%	2.8	20%	0.8	90%	3.6	100%	4	90%	3.6
10	Tax and expenditure policies	Balanced budget/slight surplus	6	60%	3.6	40%	2.4	90%	5.4	95%	5.7	90%	5.4
		Reduced marginal tax rate	2	50%	1	50%	1	40%	0.8	60%	1.2	45%	0.9
		Equitable/uniform tax collection	2	50%	1.0	50%	1.0	50%	1	70%	1.4	55%	1.1
10	Role of State	Divest non-strategic SOE's	5	40%	2.0	20%	1.0	40%	2	70%	3.5	50%	2.5
		Franchise out state services	2	40%	0.8	40%	0.8	50%	1	80%	1.6	55%	1.1

129

Category Weights	Policy Areas	Policy Criteria	Policy Weights "The Ideal"	1980-1988		1989		1990-1991		1992		1992-1993	
				Baseline 1 Index		Baseline 2 Index		Actual Index		Current Index		Target Index	
				Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating	Score
		Simulated privatization	3	60%	1.8	40%	1.2	60%	1.8	80%	2.4	65%	1.95
7	Investment policy	Non-discriminatory treatment	6	60%	3.6	40%	2.4	100%	6	90%	5.4	100%	6
		Proactive promotion	1	60%	0.6	40%	0.4	80%	0.8	90%	0.9	85%	0.85
18	Legal, regulatory and judicial environment	Free flow of market information	2	70%	1.4	70%	1.4	80%	1.6	70%	1.4	80%	1.6
		Private property rights	9	70%	6.3	50%	4.5	70%	6.3	70%	6.3	70%	6.3
		Efficient gov. administration	2	50%	1	50%	1.0	50%	1	60%	1.2	55%	1.1
		Legal and accounting system	2	60%	1.2	60%	1.2	60%	1.2	60%	1.2	60%	1.2
		Infrastructure	3	50%	1.5	30%	0.9	20%	0.6	50%	1.5	20%	0.6
100	TOTAL REFORM SCORE		100		59.8		31.1		76.7		84.6		80

Source: Center for International Private Enterprise and APOYO. Current index reflects estimates of USAID/Peru Economics Office.

130

RECENT POLICY REFORMS STUDIES OF THE PAPI PROJECT

PAPI ACTIVITY FOR PUBLIC SECTOR	REQUESTED BY	ANTICIPATED OBJECTIVES/ COMPLETION DATE	RESULTS TO DATE
Training Program for Constituent Congress Assembly (CCD) Representatives	Constituent Congress Assembly (CCD)	Through a series of lectures provided information on important issues related to policy making and development to members of Peru's Congress.	University of the Pacific (Universidad del Pacifico) started lectures in late February. Program completed in May 1993.

PAPI ACTIVITY FOR PRIVATE SECTOR	REQUESTED BY	ANTICIPATED OBJECTIVES/ COMPLETION DATE	RESULTS TO DATE
Principles for Constitutional Reform	CONFIEP	Guidelines to consolidate structural reforms in the Constituent Assembly 11/92	Final Report received in November 1992. Active dissemination of report among congressmen, decision makers, and political leaders followed up.
Economic Contents for the Constitutional Reform	CONFIEP	Guidelines for constitutional norms to promote efficient use of resources towards stabilization and economic growth. 2/93	Final Report received in February 1993. The report was distributed to Constituent Assembly members and presented to several fora.

12

PAPI ACTIVITY FOR PRIVATE SECTOR	REQUESTED BY	ANTICIPATED OBJECTIVES/ COMPLETION DATE	RESULTS TO DATE
Exchange Rate: Alternative Policies	CONFIEP	Technical study on behavior of the exchange rate--factors affecting its dynamic and alternative policies for sound economic policy regarding regulation of currency exchange. 4/93	Public presentation of outcome held April 29 with the participation of selected economists, think tank representatives, and policy makers.
Structural Reform of the Tourism Sector	CONFIEP and Ministry of Industry	Promote an adequate legal and financial framework for development of the tourism sector. Three studies proposed on legal framework, promotion of tourism, and investment.	Selection of consultants conducted in March 1993. Formal contract with consultants signed April 1993. Three studies due in a four-month period.
Study of the Municipal Taxing System: Alternatives and Reforms	CONFIEP	A study to assess and evaluate the municipal tax policies and systems and their impact on the productive sector, presenting alternatives for reform.	The proposal was presented in late March. Approval by Institutional Contractor was in April 1993.

132

USAID/Peru Sustainable Development Projects in Design

PROJECT NAME/NUMBER	PRELIMINARY DESIGN DOCUMENT APPROVED	MAJOR DESIGN DOCUMENT APPROVED	RFP ANNOUNCED	CONTRACTOR SELECTED	TECHNICAL ASSISTANCE TEAM IN THE FIELD	FIRST OUTPUT REPORTING
	Planned/ Actual dates	Planned/ Actual dates	Planned/ Actual dates	Planned/ Actual dates	Planned/ Actual dates	Planned/ Actual dates
Democratic Initiatives (527-0356)	March 1994	July 1994	Not Anticipated			March 1995
Stabilization, Trade and Marketing Program (527-0367)	February 1993	June 1993	N/A	N/A	N/A	N/A
Judicial Strengthening (527-0352)	March 1993	September 1993	Not Anticipated			March 1994
Selva Economic Revitalization (527-0348)	February 1992	June 1993	October 1993	March 1994	March 1994	June 1994

Glossary of Terms

Strategic Objective - A strategic objective is the highest level accomplishment for which a project can take credit. Strategic objective indicators for direct-impact projects measure non-coca jobs, income, and foreign exchange generated from A.I.D. activities.

Purpose - The purpose of a project is what it is supposed to achieve, which, in turn produces results at the strategic objective level. For example, the purpose of a project could be to increase non-coca agricultural production, which, in turn, creates non-coca jobs, income, and foreign exchange.

Output - Outputs are the means by which project purposes and objectives are achieved. Examples of typical outputs would be roads built, institutions strengthened, training courses conducted, etc.

Indicator - Measures the progress in completing an objective, whether at the output, purpose, or strategic objective level.