

PD-AAK-139
ISN 92-317

USAID/PERU

SEMI-ANNUAL PROJECT STATUS REPORT

OCTOBER 1, 1993 - MARCH 31, 1994



MEMORANDUM

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
LIMA, PERU

DATE : 3 June 1994
TO : Mr. Eric Zallman, LAC/DR
FROM : Mr. George Wachtenheim, Director USAID/Peru
SUBJECT : Spring 1994 SAR - Director's Narrative

A. Overview

The substantial progress that was achieved in the implementation and management of the Mission's portfolio during the 1 October 1993 to 31 March 1994 reporting period is demonstrated by the SAR Matrix ratings attained. A comparative analysis with the previous SAR report shows a strong positive trend in portfolio performance and management for results as reflected in the increase of "A" category projects from 35 to 50 percent. Notwithstanding the increase in "C" category projects from 1 to 2 during the reporting period due primarily to project implementation delays, the overall progress is viewed as a measure of the improved quality of management by the Mission. This progress represents efforts undertaken over the past six months to sharpen Strategic Objective linkages to the projects, to manage more efficiently the Mission's portfolio for impact and sustainable results, and, through project committees, to address operational problems earlier and to monitor completion of follow-up actions.

The dedication and hard work of the entire USAID staff, particularly the project officers and coordinators, office chiefs, and the Project Development and Program Office staff was clearly evident during the review. It is also noteworthy to recognize the increased importance that the Mission is placing on monitoring and evaluation of projects and improvement of its data base system.

B. Highlights

One of the Mission's major accomplishments has been securing greater GOP political will to bring about significant reforms that is evidenced by the passing into law of the **National Registry of Detainees (NRD)**, the constitutional establishment of a system for independent selection of judges and prosecutors, and the passing of the new electoral law.

The NRD was officially inaugurated and opened to the public in metropolitan Lima in February, with numerous provincial openings of the Registry planned for the next SAR period. During its first 13 days of operation, 127 consultations were made in Lima by people requesting information on the whereabouts of their relatives. Under the **Narcotics Education and Community Initiatives Project**, CEDRO, the implementing agency, provided valuable input on the draft National Plan on Drug Prevention and Control, which will possibly be converted into Peru's first-ever National Drug Law. The Institute for Liberty and Democracy (ILD), under the **Private Sector Institutional Reform Project**, collected over 500,000 signatures for its proposal to amend the constitution with respect to political rights and the electoral system. Additionally, ILD's Pilot Land Titling Program successfully ended during the SAR period, achieving its target for 70,000 property titles in marginal areas of Lima.

In support of sustained economic growth, the Mission financed the creation of the **Lima Chamber of Commerce's Arbitration Center** resulting in more effective resolution of commercial conflicts. In the private sector, the Mission initiated redesign of the **Export, Trade and Development Project**, to the newly entitled **Microenterprise Support Project**. This will concentrate assistance to microenterprises, smallholder farmers, and grassroots organizations. Redesign will be completed by May. Under the **Policy Analysis, Planning, and Implementation Project**, the impact of one of its studies completed last year was felt during the SAR period, in the form of a new municipal tax law, which focusses on several major revenue earning taxes while eliminating other, more administratively costly, taxes.

Through the **Title II Program**, the Mission provides food-aid to 2.6 million Peruvians living in extreme poverty. To date, food for work activities have created jobs for 125,000 temporary workers. In addition, assistance has provided capital access, management, technical and business skills to 6,000 people, helping them to establish or to maintain microenterprises. Finally, PL-480 food assistance was provided to victims of the severe flash floods and mud slides which occurred throughout the country due to unusually prolonged and heavy rains.

Accomplishments in health continue to be impressive. Immunization coverage of children under age one reached the highest levels ever in 1994 and they are very close to the international goals of 90 percent coverage under the **Child Survival Action Project**. The Mission is the major donor in immunization in Peru. Furthermore, it is expected that polio will be declared eradicated later this year. Additionally, under **Project 2000**, the first inter-agency coordinating committee meeting on health management and financing was held. This committee is chaired by the Minister of Health and is composed of representatives of three major donors (USAID, World Bank and IDB).

The Mission successfully closed out its **Upper Hualлага Area Development Project** on 31 December 1993 and a final report is in process.

C. **Problems**

As a result of close working relationships with key GOP officials, the Mission has made an impact on the GOP's judicial system. To ensure increased GOP political will to affect additional reforms for achieving maximum impact on serious challenges in the areas of due process under the law, judicial autonomy and human rights, the JUST Project needs to be implemented as soon as possible.

Since 1992 the Mission has been faced with a major pipeline obstacle as a result of delays in disbursing \$30,000,000 under the FY 91 Balance of Payments Program. The Mission plans to replenish its Trust Fund by negotiating another \$2,000,000 once approval for this disbursement is received. Serious reductions in operating expense accounts highlight the need to release the \$30,000,000; release of these funds is also important to maintain credibility during negotiations with counterparts.

Although there has been increased flexibility on staffing limitations, this matter continues to constrain the Mission's ability to manage its portfolio. Embassy approval will be needed to reach the AID/W authorized level of 17 USDHs.

The Mission's FY 94 OYB was 89% earmarked for population and child survival activities. If this trend continues, the Mission will face difficulties maintaining the focus of its approved strategies outside the earmarked areas. Furthermore, the excessive flow of earmarked funding could cause major pipeline problems.

D. **Mortgage and Pipeline**

The Mission's mortgage is approximately \$67,949,000 and represents nine active projects. The review also revealed that we are carrying a relatively young pipeline of \$82,826,000 of which only one percent comes from funds obligated prior to FY 91. It should be noted that \$30,000,000 of this pipeline represents undisbursed FY 91 Balance of Payments funds. In addition, approximately \$39,940,000 was obligated in the latter part of FY 93. Therefore, the pipeline balance for FY 91-FY 92 is only \$12,886,000, which represents 15% of the total pipeline.

Expenditures during the reporting period totaled \$12,600,000 which equals the amount expended during the previous period. This annual expenditure rate of approximately \$25,000,000 with a

combined DA and ESF OYB of \$44,000,000 (FY 93) represents a healthy 55% yearly utilization rate.

E. SAR Review Process

The Mission's Semi-annual Review was conducted in two stages. The first round technical review sessions, organized according to our Strategic Objectives, were chaired by the Chief of the Project Development and Program Office (PDP), and were held each day from 10 to 16 May. Participating in these sessions were project managers, division chiefs, office chiefs, representatives from the Controller's Office, and the PDP Office.

Based on the project technical reviews, a SAR Issues Paper, serving as the agenda and principal focus of discussion for the Mission Director's Review, was prepared for each activity that had significant issues or concerns. The Mission Director chaired the second round session held on 25 May and the Deputy Mission Director, project managers, division chiefs, office chiefs and representatives from the Controller's office and PDP participated.

Each session lasted from three to four hours and averaged forty-five minutes of discussion per activity. Project ratings were reviewed and decisions on future directions, actions to be undertaken, and deadlines for those actions were recorded and distributed to the appropriate offices. The format for SAR reports used was provided by LAC Bureau. The Spring SAR reports are kept on file in USAID/Lima.

F. Recommendations

The Spring SAR report preparation and review occurs at the same time that the Action Plan is being finalized and EERs are being written, all of which requires inordinate amounts of staff time and detailed coordination among several offices. In recognition of the difficulty of undertaking several important tasks simultaneously, particularly with our staffing constraints, the Mission recommends that Peru's Action Plan due date be changed so that staff efforts can be appropriately focussed on each of the important activities cited above.

Attachments:

1. Project Category and Outlier Matrix
2. Financial Summary Table
3. Pipeline Table

Country Peru
 Data as of 31 March 94
 Data Completed 25 May 94

1 PROJECT NO AND NAME	2 DATE OF INITIAL OBLIGATION	3 PROJECT DESIGNATION (A,B,C)	4 STATUS OF CPs (Cite only if there are as yet unmet CP's older than 18 months)	5 SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated average annual obligation)	6 AGE OF PIPELINE (Cite if any obliga- tion remains more than 60% unexpended 4 years after initial obligation)	7 ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 80% of planned)	8 UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	9 EOPS A (Cite if mission believes there is little chance of achieving EOPS before current PACD)	10 EOPS B (Cite if EOPS are being achieved at higher level or faster rate than planned)	11 AUDIT A (Cite if financial audit has not been done in last 18 months)	12 AUDIT B (Cite if there are unresolved IG recommendations older than six months)	13 EVALUATION A (Cite if project has not been evaluated in last three years)	14 EVALUATION B (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
627-0081 SPECIAL DEV ACTIVITIES	6/83	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X	N/A
627-0303 ADMINISTRATION OF JUSTICE	6/88	B	N/A	N/A	N/A	X	N/A	N/A	N/A	N/A	N/A	X	N/A
627-0340 PERUVIAN PEACE SCHOLARSHIP (CLASP II)	9/92	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
627-0347 NARCOTICS EDUCATION AND COMMUNITY INITIATIVES	9/92	A	N/A	N/A	N/A	N/A	N/A	N/A	X	N/A	N/A	N/A	N/A
698-0772 PRIVATE SECTOR INSTITUTIONAL REFORM	3/88	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
627-0244 UPPER HUALLAGA AREA DEVELOPMENT	9/91	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
627-0272 PRIVATE SECTOR MANAGEMENT IMPROV	9/85	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
627-0341 EMPLOYMENT AND NATURAL RESOURCE SUSTAINABILITY	9/91	C	N/A	XX	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
627-0343 POLICY ANALYSIS, PLANNING AND IMPLEMENTATION	9/90	B	XX	XX	N/A	XX	N/A	N/A	N/A	N/A	N/A	X	N/A
627-0344 ECONOMIC STABI- LIZATION AND RECOVERY PROGRAM	9/91	B	N/A	N/A	N/A	XX	XX	N/A	N/A	N/A	N/A	N/A	N/A
627-0346 EXPORT, TRADE AND DEVELOPMENT	9/91	B	N/A	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
627-0353 PVO SUPPORT	9/92	C	N/A	X	N/A	X	X	N/A	N/A	N/A	N/A	N/A	N/A
627-0386 DISPLACED CHILDREN	12/92	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
627-0372 INTEGRATED PEST MANAGEMENT	08/93	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Country Peru
 Data as of 31 March 94
 Data Completed 25 May 94

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668-0780 FADEMAR	0/93	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TITLE II	N/A	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TITLE III	N/A	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
627-0285 CHILD SURVIVAL ACTION PROJECT	0/87	B	X	N/A	N/A	N/A	N/A	N/A	X	N/A	N/A	X	N/A
627-0316 STRENGTHENING PRIVATE SECTOR HEALTHINST	0/91	B	N/A	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
627-0328 PRIVATE COMMERCIAL FAMILY PLANNING	0/91	B	N/A	N/A	N/A	N/A	N/A	N/A	X	N/A	N/A	X	N/A
627-0336 PRIVATE VOLUNTARY SECTOR FAMILY PLANNING	0/89	B	N/A	X	N/A	N/A	X	N/A	N/A	N/A	N/A	N/A	N/A
527-0366 PROJECT 2000	0/93	B	N/A	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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FINANCIAL SUMMARY OF USAID/PERU PORTFOLIO
(OCT/91, 1993 THROUGH MAR/31, 1994)
(\$000)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
PROJECT NO	STRATEGIC OBJECTIVE PROGRAM/ PROJECT TITLE	CATE-GORY	DATE OF INT OBLIG	LAST REVISED PACD	% OF LOP ELAPSED	% OBLIG EXPEND	ALUTH LOP AMOUNT	CURRENT FY OBLIG TO DATE	CUMUL AMOUNT OBLIG	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	UNCOMMIT BALANCE	PLANNED EXPEND (NEXT SEM)	
						-(16/10)-					-(14/13)-								
ACTIVE PROJECTS																			
S O # 1 Strengthened Democratic Institutions that Sustain Individual Rights and Freedoms and are Responsive to their Constituencies																			
6270201 00	G SPECIAL DEVELOPMENT ACTIVITIES	A	01-Jun-83	31-Dec-95	94.62%	99.12%	2,363	0	2,363	0	84	74	73	99.06%	2,343	20	0		
6270203 00	G ADMINISTRATION OF JUSTICE	B	25-Jun-88	30-Jun-94	96.87%	82.90%	4,010	0	3,510	0	1,056	800	458	78.03%	2,910	800	23		
6270204 00	G PERUVIAN PEACE SCHOLARSHIPS	A	30-Sep-82	30-Sep-97	30.00%	29.14%	8,800	0	2,712	4,068	2,298	238	377	159.54%	790	1,822	0		
6270207 00	G NARCOTICS EDUC & COMMUNITY INIT	A	30-Sep-82	29-Sep-97	30.00%	48.95%	9,100	0	6,800	2,500	4,508	1,100	1,237	112.43%	3,231	3,368	0		
6880772 18	G PRIVATE SECTR INSTITUTL REFORM	A	02-Mar-88	28-Feb-95	84.72%	97.45%	11,288	0	8,878	1,613	1,372	880	1,128	113.77%	9,429	247	0		
Subtotal S O # 1						75.23%	33,562	0	24,861	8,201	9,428	3,000	3,286	108.97%	18,703	6,158	23	0	
S O # 2 Sustainable Economic Growth led by the Private Sector																			
6270244 00	G UPPER HUALLAGA AREA DEVELOP	A	15-Sep-81	31-Dec-83	100.00%	99.48%	16,250	0	16,250	0	1,831	1,831	1,547	84.84%	18,186	84	0		
6270244 00	L UPPER HUALLAGA AREA DEVELOP	A	15-Sep-81	31-Dec-83	100.00%	99.95%	15,000	0	15,000	0	12	12	8	41.50%	14,963	7	1		
6270272 00	G PRIVATE SECTOR MANAQ IMPROV	A	30-Sep-85	31-Dec-83	100.00%	99.99%	7,000	0	7,000	0	0	0	0	100.00%	7,000	0	0		
6270341 00	G EMPLOYMENT & NATURAL RESOUR	C	30-Sep-81	30-Sep-95	62.50%	35.71%	3,600	0	3,600	0	2,744	300	430	143.33%	1,298	2,314	0		
6270343 00	G POLICY ANALYSIS PLN/IMPLEMENT	B	29-Sep-80	30-Mar-95	77.77%	25.73%	7,150	0	8,648	504	5,471	840	535	58.93%	1,710	4,838	33		
6270349 00	G EXPORT TRADE AND DEVELOPMENT	B	30-Sep-81	31-Mar-88	38.48%	28.84%	27,500	0	12,114	15,386	10,843	2,000	1,782	86.06%	3,252	8,852	0		
6270353 00	G PYO PROGRAM SUPPORT	C	30-Sep-82	30-Sep-88	25.00%	17.63%	13,800	300	3,835	8,965	2,507	0	152	0.00%	878	2,856	0		
6270372 00	G PEST MANAGEMENT	A	22-Sep-83	30-Sep-88	18.98%	8.85%	700	0	700	0	700	132	82	48.98%	62	638	0		
6880780 00	G FASEMAD ENVIRONMENTAL PROJECT	A	30-Sep-83	30-Sep-95	25.00%	23.85%	109	0	109	0	109	54	28	48.28%	28	83	0		
Subtotal S O # 2						89.80%	80,908	300	65,054	25,855	23,824	5,078	4,548	80.58%	45,474	19,580	34	0	
S O # 3 Improved Health Status through Access to Quality Primary Health Care																			
6270285 00	G CHILD SURVIVAL ACTION PROJECT	B	29-Sep-87	31-Dec-94	89.65%	85.56%	19,000	0	19,000	0	8,017	1,500	1,478	93.54%	12,481	6,539	77		
6270319 00	G STRENGTHENING HEALTH INSTITUT	B	30-Sep-81	31-Dec-99	30.30%	31.32%	18,000	1,101	7,822	10,158	4,968	1,000	883	88.34%	2,458	5,388	155		
6270226 00	G PRIV COMMERCIAL FAM PLANNING	B	30-Aug-81	31-Aug-86	81.85%	81.83%	5,000	0	5,000	0	2,868	800	483	77.10%	2,587	2,403	0		
6270335 00	G FAMILY PLANNING SERV EXPANSION	B	22-Sep-88	30-Sep-95	98.18%	98.82%	17,220	3,300	13,777	1,850 2/	2,983	2,200	1,723	78.29%	8,208	4,571	1		
6270388 00	G PROJECT 2000	B	30-Sep-83	31-Dec-88	8.00%	0.00%	30,000	0	7,815	22,085	7,815	0	0	0.00%	0	7,815	0		
Subtotal S O # 3						49.91%	89,220	4,401	53,534	33,893	26,759	5,300	4,347	82.02%	28,720	28,814	233	0	
Other																			
6270266 00	G DISPLACED CHILDREN/ORPHANS	A	15-Dec-82	31-Jan-84	100.00%	84.29%	200	0	200	0	55	55	43	78.82%	189	11	0		
SUBTOTAL ACTIVE PROJECTS						83.41%	213,891	4,701	143,848	87,848	80,064	13,431	12,205	90.87%	81,088	52,583	260	0	
TERMINATED PROJECTS																			
S O # 2 Sustainable Economic Growth led by the Private Sector																			
6270282 00	G AGRIC TECH/LOG TRANSFORMATIC	C	25-Sep-87	31-Aug-83	100.00%	88.87%	25,000	0	23,398	0	815	0	352	0.00%	23,135	263	0		
Other																			
6880258 00	G DROUGHT SUPPORT - ADRA/OFASA	A	30-Sep-82	30-Sep-83	100.00%	100.00%	1,243	0	1,243	0	0	0	0	0.00%	1,243	0	0		
6880258 01	G DROUGHT SUPPORT - CARE	A	30-Sep-82	30-Sep-83	100.00%	99.98%	748	0	748	0	0	0	0	0.00%	748	0	0		
6880258 02	G DROUGHT SUPPORT - CARITAS	B	30-Sep-82	30-Sep-83	100.00%	99.97%	832	0	832	0	0	0	0	0.00%	832	0	0		
Subtotal Other						100.00%	2,823	0	2,823	0	0	0	0	0.00%	2,823	0	0	0	
SUBTOTAL TERMINATED PROJECTS						99.00%	27,823	0	26,221	0	815	0	352	0.00%	25,958	263	0	0	
ACTIVE PROGRAM																			
S O # 2 Sustainable Economic Growth led by the Private Sector																			
6270344 00	G ECON STABILIZATION & RECOVERY	B	30-Sep-81	30-Sep-94	83.33%	40.00%	50,000	0	50,000	0	30,000	30,000	0	0.00%	20,000	30,000	0		
SUBTOTAL ACTIVE PROGRAM						40.00%	50,000	0	50,000	0	30,000	30,000	0	0.00%	20,000	30,000	0	0	
TOTAL S						82.37%	291,712	4,701	219,869	87,848	80,879	43,431	12,557		137,042	82,828	260	0	

1/ Mortgage does not include \$500,000 which corresponds to OYB Transfer
2/ Mortgage does not include \$1,793,000 which corresponds to OYB Transfer

Establishment and maintenance of sound economic policy and structural reforms that promote economic stabilization and sustainable economic growth
Reactivated labor - intensive private sector generating employment and foreign exchange for small business, non-traditional exports and agriculture sectors
Improve health status through access to quality primary health care
Encourage strong democratic institutions that reinforce economic freedom
Replace coca based employment and foreign exchange earnings with legal alternatives

- S O # 1 Strengthened Democratic Institutions that Sustain Individual Rights and Freedoms and are Responsive to their Constituencies
- S O # 2 Sustainable Economic Growth led by the Private Sector
- S O # 3 Improved Health Status through Access to Quality Primary Health Care

