

PB 111-100
I-11-1000

USAID/PERU

SEMI-ANNUAL PORTFOLIO REVIEW

PERIOD APRIL 1, 1994 - SEPTEMBER 30, 1994

DECEMBER 1994

TABLE OF CONTENTS

DIRECTOR'S NARRATIVE

PROJECT CATEGORY AND OUTLIER MATRIX

FINANCIAL SUMMARY TABLE

PIPELINE TABLE

SUMMARY OF USAID/PERU PROJECT IMPACTS

PROJECT STATUS REPORT

Page No.

STRATEGIC OBJECTIVE 1: Strengthened Democratic Institutions

527-0061	Special Development Activities Fund	2
527-0303	Administration of Justice	5
527-0340	Peruvian Peace Scholarship (CLASP II)	9
527-0347	Narcotics Education and Community Initiatives	13
598-0772	Private Sector Institutional Reform	16
527-0352	Justice Sector Support	19
527-0356	Participatory Democracy	20
527-0371	Local Government Development	22
527-0376	Elections Support	25

STRATEGIC OBJECTIVE 2: Broader-Based Sustainable Economic Growth

527-0341	Employment and Natural Resource Sustainability	28
527-0343	Policy Analysis, Planning and Implementation	32
527-0344	Economic Stabilization and Recovery Program	35
527-0349	Microenterprise and Small Producers Support	38
527-0353	PVO Support	45
527-0372	Integrated Pest Management for Andean Communities	49
598-0780	Participatory Land Use Classification and Sustainable Economic Development in Human-Impacted Areas of the Tambopata-Candamo Reserved Zone	52
PL 480 Title II	Monetization Program	57
	CARE/Peru: Sustainable Food Security Program	60
	ADRA/OFASA: Nutrition, Health and Development	64
	CARITAS del Peru: Food Program	67
	PRISMA: Integrated Child Health and Nutrition Program for At-Risk Families	71
PL 480 Title III	Monetization Program	
Centrally Funded	LAC Regional and Natural Resources Management and Technical Services	83

STRATEGIC OBJECTIVE 3: Improved Health of High-Risk Populations

527-0285	Child Survival Action	85
527-0319	Strengthening Health Institutions	91
527-0326	Private Commercial Family Planning	95
527-0335	Private Voluntary Organization Family Planning Service Expansion	100
527-0366	Project 2000	105
Centrally Funded	Peru Family Planning Implementation Plan	109

MEMORANDUM

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
LIMA, PERU

DATE : 16 December 1994
TO : Ms. Christina Schoux, LAC/SPM
FROM : Mr. George Wachtenheim, Director USAID/Peru
SUBJECT : Fall 1994 SAR - Director's Narrative

A. Overview

1. Resource Allocation:

In 1993, Peru was identified by USAID/W as a Sustainable Development Country. Since that time, the Mission's total budget has decreased from \$151.9 million in FY93 to \$133.5 million in FY94 and further downward to an estimated \$88 million for FY95. During the same period, food assistance funding will decrease by nearly half, from 107.2 million in FY93 to an estimated \$47 million for FY95. The declining availability of non-directive and food assistance (PL-480) funds will impede us from fully implementing our anti-poverty strategy while having our program directed by the sources of directive funds rather than Peru's development needs. The Mission's FY94 OYB was 89 percent earmarked for population and child survival activities. The FY 95 OYB is expected to continue to reflect the same disproportionate orientation.

2. Portfolio:

The size of the Mission's portfolio has remained relatively constant at a current level of 21 projects and continues to be streamlined and more efficiently focused for greater impact on the poor. The GOP's successful pacification program has led to an improved security situation in Peru which now permits us to travel to critical poverty areas throughout the country to monitor and implement our projects. The progress that was achieved in implementing and managing the Mission's portfolio during the SAR period is illustrated by the SAR Matrix ratings attained. Of all active projects reviewed, including the Title II, III, and BOP programs, twelve received "A" grades (44 percent) and thirteen were rated as "B" category projects (48 percent) while two received grades of "C" (7 percent). This continued success is an outcome of Mission efforts to more efficiently manage our portfolio to achieve significant impact on Peru's targeted poor (53 percent of total population or 12 million inhabitants) with priority attention on the highest risk (21 percent or 4.5 million persons) living in

extreme poverty. Through our multi-disciplinary project committees, the Mission is better managing for impact and sustainable results by monitoring activities and addressing problems early on.

3. Status of New Starts, Project Designs, and Closeouts:

Four new, important projects in the area of democracy were authorized at the end of FY94: Local Government Development (LGD), Participatory Democracy (PARDEM), Justice Sector Support (JUST), and Election Support. This reflects a continuing USG strong interest and commitment to the democracy/human rights sector. Additionally, two projects, Alternative Development and REPROSALUD, are in the final stages of design while the design process for Sustainable Natural Resources Management (SNRM) will commence shortly. The Mission anticipates a mid January review and approval meeting in LAC for the Alternative Development Project. REPROSALUD and SNRM have Mission approval authority and will be authorized in the field during the first and second SAR periods of FY95, respectively. Project 2000 will begin implementation activities during the next SAR period with the announcement of the IC award in December, 1994. Finally, three important and successful projects will close-out in CY 1995: Child Survival Action Project (CSAP), Administration of Justice (AOJ), and Private Sector Institutional Reform (PSIR) with the Institute for Liberty and Democracy (ILD).

4. Strategic Framework:

As part of our continuing effort to sharpen the Strategic Objective (SO) linkages to the projects and improve our strategic framework and performance monitoring plans, we invited in October a PRISM team to assist the Mission in reviewing and refining our SOs and Program Outcomes (POs), impact indicators, and database/reporting systems. During the last Action Plan (AP) review the Mission presented 3 SOs, and based on the PRISM consultations as well as funding and programmatic imperatives in Peru, the Mission is examining possible options of expanding its SO framework for the FY96-97 AP to include between one and three new SOs-- Food Security, Alternative Development (counternarcotics), and Environment. Feeding into this strategic planning process are: a *Food Security Strategy* which is currently being finalized; a *Mission Environmental Strategy* which will be concluded in January, 1995, and will lay out proposed areas of environmental intervention for the future; and, we anticipate adopting a discrete SO for *Alternative Development* which reflects the Embassy's commitment to a counternarcotics goal in its Mission Program Plan (MPP) for 1995. The MPP has identified counternarcotics as one of the USG highest objectives in Peru. With the expected approval and authorization of our Alternative Development Project by LAC in January, 1995, we will be key players in this USG objective.

5. Monitoring and Evaluation Systems:

USAID/Peru continues to enhance its monitoring and evaluation capacity. Major progress was achieved in the monitoring systems for projects contributing to SO2 (Sustainable Economic Growth). All projects have monitoring systems in place and baseline data collection systems have been established. Baseline data for the Microenterprise and Small Producers Support Project (MSP), PVO Support and the Title II program will be complemented with the National Census data before the end of the current reporting period. This data will provide a clearer picture of the beneficiary population in order to set achievable targets that will measure improvement where project interventions are targeted. During the reporting period evaluations were completed for the Special Development Activities Fund (SDAF), Policy Analysis, Planning, and Implementation (PAPI), PVO Support, Employment and Natural Resource Sustainability (ENRS), Commercial Family Planning, and Strengthening Private Sector Health Institutions (SHIP/South), and recommendations are being implemented for improved project performance. During the next reporting period, evaluations will be conducted for Narcotics Education and Community Initiatives (NECI), AOJ, PSIR, MSP, Upper Huallaga Area Development (UHAD), and the Title II and III programs.

6. Gender Considerations:

USAID/Peru continues to provide special focus to women in development (WID). To increase emphasis on WID, projects such as MSP and PVO Support are including special activities to address women's needs. Newly authorized projects such as PARDEM and LGD also include activities integrating the role of women in the development process. Gender integration in health activities is also being emphasized, particularly in the new REPROSALUD project. To better integrate the role of women and apply gender considerations in project design, implementation, reporting, and evaluation, a training needs assessment was conducted in November, 1994. This will be followed-up with a workshop Gender Considerations In Development for USAID staff and counterparts in the second quarter of FY95.

B. Highlights

Start-up of implementation activities under the **Election Support Project**, authorized on September 27, 1994, took place with the five technical assistance groups organizing their efforts on short notice. OAS, IFES, CAPEL, NDI, and IRI have established offices and held important organizational meetings with the JNE and indigenous NGOs to coordinate election activities which will last through June, 1995. **AOJ**, although nearing its December 31, 1994 PACD, continued its success under the **National Registry of Detainees (NRD)** activities. This is evidenced by the first

expansion of the NRD during the reporting period to an emergency zone (Tarapoto) to determine the status of detainees under suspicion of terrorism and/or crimes against national security. The NRD has since been expanded to Ayacucho in November, 1994.

JUST, signed up at the end of FY94, continues to build on groundwork laid down by AOJ. The Andean Commission of Jurists started public lobbying of Congress during the reporting period to promote the passage of the **Ombudsman (public defender) Legislation** and its implementation. With continued progress expected in judicial sector reform, the Mission will study the appropriateness of expanding our support to the sector. We believe that, given improvements during the last SAR period, along with those expected in the next six months, the Mission could expect to request authorization from the LAC Bureau to expand the **JUST Project**.

In supporting SO #2, broader-based, sustained economic growth, the refocussed **Microenterprise and Small Producers Support Project (MSP)** initiated an anti-poverty lending program to benefit over 9,000 disadvantaged women utilizing the "Village Banking" model. Through training programs and specialized technical assistance, MSP is now poised to have major impacts on the lives of smallholder farmers, microentrepreneurs, and small producers in the most impoverished areas of the country, including outmigration and coca producing areas. **PAPI's** policy agenda studies are increasingly focusing more on sectoral policies and reform of the institutional framework and less on macro stabilization issues. This change in focus was needed to ensure sustainable growth, and to give much needed attention on the economic situation of the poor. Special areas of focus include microenterprises, agricultural poor and financial management of the social ministries - health, education and social services. Pursuant to a PACD extension, the **PAPI Project** will be modified in the next SAR period to more directly support the social sector and options for reducing IC costs will be weighed. Noteworthy successes were also obtained under the **Integrated Pest Management Project (IPM)**, where farmers have been trained in IPM and have begun to treat their potato seeds with biological agents to improve production and income earnings.

The **Title II and Title III** food assistance programs continued to support efforts to address the needs of Peru's food insecure, providing direct assistance to over 3.0 million people living in extreme poverty (32 percent of total) in FY94. During the coming SAR period, a Title II impact evaluation will be conducted so that the program can adopt a more tightly focussed and impact-oriented operational plan as resources continue to decline.

Under SO #3, improved health of high-risk populations, HPN has become fully active with a number of important activities being implemented and integrated with activities under other SOs as well as with other donors. Family planning services are being expanded into rural areas and our emphasis is changing from child

survivability to quality of life after surviving the first five years.

A major accomplishment was registered during the reporting period in that Peru became the last country in the Western Hemisphere to be declared **polio-free**. During the past three years, the Mission has been the major donor supporting Peru's immunization program. We also supported epidemiological surveillance through PAHO to ensure that high international standards were met in reporting and verifying suspected polio cases during the mandatory three year time period since the last case was reported. Under CSAP, the implementation of the MOH's nationwide computerized **health and management information system** (HIS/MIS) became fully operational during the reporting period. These systems allowed the MOH to streamline its management and decision-making process to prevent and respond to public health problems, such as recent bubonic plague and rabies outbreaks as well as the nation-wide cholera epidemic. Under **Ship/North**, activities were initiated with the University Research Corporation to implement a pilot non-profit health care system. In showing support for this concept, municipalities have offered donations of land and infrastructure to contribute to the program while the MOH has recently agreed to cede clinics to the project as well. Under SO3, the **Demographic Health Survey** (DHS) activities will start up in FY 95 and will be fully conducted in FY96. The DHS, conducted every five years to measure what has occurred during the past five year period, will now include peri-urban and other important sectors to allow for better targeting of scarce resource.

C. Problems

1. Maintaining Program Focus in a Period of Budget Uncertainty

Project officers, managers, program personnel, and Mission leadership have experienced near exhaustion at having prepared numerous financial analyses over the past 5 months. While we appreciate the opportunity to provide field input to these all important deliberations, we have to ask "isn't there a better way" to plan and allocate resource levels that will respect and follow the decisions that are reached in our annual strategic planning exercises?

Our mortgage and pipeline section of this report conveys more precisely the roller-coaster phenomena that reflects the serious fluctuations in our funding levels and types of resources over the past two years. Our strategic planning and financial budgeting exercises need to be done in an integrated process where commitments are honored. Otherwise, the planning process loses its integrity and usefulness.

2. Potential Implications of Cutting-Off PL 480 Title III

LAC Bureau's attention is requested to upcoming decision in AID/W on the allocation of scarce Title III resources for FY95 and the potential damage to our program if these resources are lost. A continuing, strong justification exists for maintaining Peru as a priority recipient of these funds based on the country's sizeable population that is food insecure and at risk. More than 4 million people (22%) are in "extreme poverty" and are unable to obtain even the minimum food basket. Average rate of chronic malnutrition among school age children nationally is 48%, and in selected departments runs as high as 72%! Fifteen out of twenty-five departments chronic malnutrition exceeds 50% or more.

The Title III program is an important and integral part of the Mission's program to combat poverty in Peru. Title III local currencies finance PVO and joint USAID/GOP development projects in health, agriculture, alternative development and productive, small-scale infrastructure projects. This assistance is benefitting segments of the population which have not yet been reached by Peru's economic recovery. Its elimination at this critical stage would be premature and will further undermine our image of not fulfilling our promises at a time when the Clinton administration is calling for economic unity and collaboration in the hemisphere.

3. Project Portfolio

The Mission identified two projects that need increased senior management attention over the next six months (September - March 1995): **Environmental Natural Resource Sustainability (ENRS) and Private Commercial Family Planning (PCFP)**. ENRS, although performing well in its conservation components, is still encountering difficulties in the conceptualization of the employment generation component of the Project for incorporation into its revised work plan. The proposed no-cost PACD extension (current PACD is 9/30/95) is still pending the resubmission of The Nature Conservancy's (TNC) revised work plan due mid-January, 1995. The project committee will monitor closely the situation with respect to TNC's ability to better articulate and make significant progress in the implementation of its employment generation component.

The PCFP Project's mid-term evaluation, conducted in September, 1994, concluded that major reforms in the Contraceptive Social Marketing (CSM) component were required to achieve the project's objectives during the remaining two years of the project. Of the other two components of the project - one was recommended to be dropped the Commercial Services Delivery (CSD) and the other Mass Communications was deemed to be sound, but needed to be better integrated with the CSM component. Management improvements within

APROPO were also recommended and the Project Committee is closely tracking APROPO's progress on their implementation.

The **Peru Family Planning Implementation Plan (PFPIP)**, a centrally funded activity supported by the Global Bureau, is nearing completion. Although the coordinating entity (CE) was awarded a no-cost extension through March, 1995, funds remaining in the CE's contract will expire by the end of December, 1994. This will leave the Mission without a vehicle to coordinate the activities of this important project. The Mission is currently evaluating two alternatives for continuing the coordination function: 1) Global/Pop's coordination of this project through a separate centrally-funded project; and, 2) USAID/Peru assumption of this function through an existing or new FY96 family planning project. Although the Mission's management burden will be greater, we believe that the second option will permit strengthening our relationship with implementing PVOs/NGOs and will significantly improve overall project implementation and impact.

In addition, three other projects merit close observation. The **PVO Support Project** is faced with a potential problem of being under-funded in FY 1995, unless our 95-OYB unrestricted DA is on the order of \$ 5 million. For the 16 sub-project activities that were approved in FY 93, approximately \$ 1.1 million remains to be obligated to fully implement them. In addition, expansion of the Project's activities to strengthen other indigenous NGOs and to facilitate their participation in sub-regional development initiatives through project funding has been largely "put on hold" due to AID budget constraints. The remaining mortgage is \$ 9.25 million. The **Microenterprise and Small Producers Support Project (MSP)** is faced with a serious problem of potentially running out of resources in early FY 1996. This reoriented project, now focused on assisting the poor majority, made significant progress in the past year tripling expenditures to \$4.5 million. It appears that MSP will receive less than half the requested \$6.5 million (DA/ESF) in FY 1995 posing resource uncertainties in early 1996. The **Policy Analysis, Planning, and Implementation Project (PAPI)** requires further focusing of its sectoral policy assistance as well as changes to the mode of implementation (reducing the role of the institutional contractor due to high costs and expanding the role of the Grantee). A project amendment is expected to be completed in early CY95.

D. Mortgage and Pipeline

The Mission's mortgage as of September 30, 1994, remains high and amounts to \$56.6 million. This is due principally to two reasons: 1) The ESF mortgage (\$ 17.6 million), which represents 31 percent of the total, has not decreased as expected because, during the last three fiscal years, ESF OYB levels have been drastically reduced; and, 2) 41 percent of DA mortgage which corresponds to

non-directive (unrestricted) funds has increased significantly during the last two fiscal years because of extremely low non-directive funding levels-- 29 percent of FY93 and only 10 percent of FY94.

The Mission's pipeline at the end of FY94 increased from \$90.7 million (September/93) to \$100.8 million due to the following: 1) \$16.0 million in ESF resources were allocated at the end of the fiscal year; 2) the \$30.0 million FY91 ESF BOP support continues to be undisbursed due to new conditionalities related to democracy and human rights; 3) high Child Survival and Population directive funding levels forward funded some projects; and, 4) Embassy ceiling on contractors impeded project implementation in FY94. The problem has now been largely resolved. Therefore, the Mission expects expenditure rates to substantially increase in FY95 thereby, considerably decreasing the pipeline.

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 (SO), were chaired by the Chief of the Project Development and Program Office (PDP), and were held each day from November 14 through 18. 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 sessions held on December 6 and 7 and the Deputy Mission Director, project managers, division chiefs, office chiefs and representatives from the Controller's office and PDP participated. The LAC Bureau was represented by Ms. Karen Anderson who provided valuable insight into the Mission portfolio from the USAID/W perspective.

Each session lasted from two to four hours and project issue discussions averaged thirty minutes per activity. An overview of progress was presented by office chiefs as a lead-in to each SO. High profile and successful projects were highlighted as well as implementation constraints discussed. In preparation for these overviews, project officers developed a "**Summary of USAID/Peru's Project Impacts**" for FY94 (attached) which reported overall project level impacts to date and major accomplishments in FY94 as well as expected accomplishments in FY95. 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 action offices. The format used for the SAR reports was provided by LAC Bureau. Reports are kept on file in USAID/W.

F. Recommendations

In accord with USAID's reengineering efforts to reduce paperwork and bureaucracy, the Mission proposes that the requirement to produce Spring SAR Project Status Reports (PSRs) be eliminated. Although we recognize that Spring PSRs are not forwarded to the LAC Bureau, an inordinate amount of staff time is still needed for document preparation, detracting project officers and managers from important implementation and monitoring activities. In lieu of Spring PSRs, the Mission suggests that formal project committee reviews be held to monitor all project activities at the end of the SAR period, with a Mission Director's Narrative to be forwarded to LAC reporting on the outcome of the reviews. This recommendation was also made to LAC Bureau representative, Karen Anderson.

Attachments:

1. Project Category and Outlier Matrix
2. Financial Summary Table
3. Pipeline Table
4. Summary of USAID/Peru's Project Impacts
5. Project Status Reports

Country Peru
Date as of December 1994

MATRIX

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 60% 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)
527-0253 PVO SUPPORT	8/92	B	N/A	XX	N/A	XX	N/A	N/A	N/A	N/A	N/A	N/A	N/A
527-0372 INTEGRATED PEST MANAGEMENT	9/93	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
508-0760 FADEMAD	09/93	B	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PL 480 TITLE II MONETIZATION	N/A	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X	N/A
PL 480 TITLE II CARE PERU	N/A	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X	N/A	N/A	N/A
PL 480 TITLE II ADRA/OFASA	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
PL 480 TITLE II CARITAS	N/A	B	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PL 480 TITLE II PRISMA	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
PL 480 TITLE III MONETIZATION	N/A	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X	N/A
LAC/TEC II		A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SO 3 BROADEN-BASED, SUSTAINABLE ECONOMIC GROWTH													
527-0285 CHILD SURVIVAL ACTION	9/87	A	N/A	N/A	N/A	N/A	N/A	N/A	X	N/A	N/A	XX	N/A
527-0319 STRENGTHENING PRIVATE SECTOR HEALTH INSTIT	9/91	B	N/A	X	N/A	N/A	N/A	N/A	N/A	X	N/A	N/A	N/A
527-0326 PRIVATE COMMERCIAL FAMILY PLANNING	9/91	C	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
527-0335 PRIVATE VOLUNTARY SECTOR FAMILY PLANNING	9/89	B	N/A	N/A	N/A	X	N/A	N/A	N/A	N/A	N/A	N/A	N/A
527-0366 PROJECT 2000	9/93	B	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PFPIP	B	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FINANCIAL SUMMARY OF USAID/PERU PORTFOLIO (APR 1, 1994 THROUGH SEP 30, 1994)																	USAD/CONT 12/22/94			
(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	AUTH LOP AMOUNT	CURRENT FY OBLIG TO DATE	CUMUL AMOUNT OBLIG	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND	ACCRLD SEMESTER EXPEND	ACCRLD AS % OF PLANNED	CUMULATIVE ACCRLD EXPEND	ENDING PIPELINE	UNCOMMIT. BALANCE	PLANNED EXPEND. (NEXT SEM)		
						(16/10)					(8-10)				(14/13)					
ACTIVE PROJECTS																				
S.O. # 1: Strengthened Democratic Institutions																				
5270061 00	G SPECIAL DEVELOPMENT ACTIVITIES	A	01-Jun-83	31-Dec-95	98%	100%	2,563	200	2,563	0	94	21	215	1024%	2,557	8	0	6		
5270303 00	G ADMINISTRATION OF JUSTICE	B	25-Jun-86	31-Dec-94	97%	89%	4,010	0	3,510	0 (*)	1,056	400	215	54%	3,125	365	281	375		
5270340 00	G CLASP II	B	30-Sep-92	30-Sep-97	40%	55%	6,800	263	2,975	3,625	2,298	950	853	90%	1,644	1,331	0	750		
5270347 10	G NARCOTICS EDUC & COMMUNITY INI.	A	30-Sep-92	30-Sep-97	40%	68%	9,260	160	6,760	2,500	4,608	1,150	1,231	107%	4,462	2,298	1,700 (**)	1,033		
5980772 10	G PRIVATE SCRT INSTITUTE REF CRM	A	02-Mar-89	28-Feb-95	93%	95%	11,289	1,150	10,826	463	1,373	900	878	98%	10,308	518	71 (**)	900		
5270352 00	G JUSTICE SECTOR SUPPORT	N/A	25-Sep-94	30-Sep-98	0%	0%	1,600	1,600	1,600	0	0	0	0	0%	0	1,600	0 (**)	6		
5270356 00	G PARDEM PARTICIPAT DEMOCRACY	N/A	29-Sep-94	30-Sep-99	0%	0%	10,000	4,400	4,400	5,600	0	0	0	0%	0	4,400	0 (**)	0		
5270371 00	G LOCAL GOVERNMENT DEVELOPMENT	N/A	30-Sep-94	30-Sep-99	0%	0%	5,000	5,000	5,000	0	0	0	0	0%	0	5,000	5,000	805		
5270376 00	G ELECTION SUPPORT	N/A	28-Sep-94	30-Jun-95	1%	0%	2,000	2,000	2,000	0	0	0	0	0%	0	2,000	0 (**)	800		
TOTAL S.O. # 1:						56%	52,522	14,773	39,634	12,368	9,427	3,421	3,392	99%	22,096	17,538	7,052	0	4,375	
S.O. # 2: Broader-Based, Sustainable Economic Growth																				
5270341 00	G E.N.R.S - INC	C	30-Sep-91	30-Sep-95	75%	42%	3,600	0	5,600	0	2,744	300	218	73%	1,504	2,098	115 (**)	250		
5270343 00	G POLICY ANALYSIS PLNG IMPLMNT.	B	29-Sep-90	30-Mar-95	89%	36%	7,150	0	6,648	504	5,471	1,542	683	44%	2,364	4,252	3,300	771		
5270349 00	G MICROENTERP & SMALL PROJDCRS SF	B	30-Sep-91	31-Mar-98	46%	41%	20,534	2,534	14,648	13,866	10,643	2,000	2,751	136%	6,004	8,644	3,032 (**)	3,500		
5270353 00	G PVO SUPPORT	B	30-Sep-92	30-Sep-98	33%	34%	13,600	1,015	4,350	9,250	2,508	1,600	850	53%	1,491	2,859	371 (**)	750		
5270372 00	G INTEGRATED PEST MANAGEMENT	A	22-Sep-93	30-Sep-98	34%	31%	700	0	700	0	700	201	152	76%	214	486	0 (**)	180		
5980780 00	G ENVIRONMENTAL SUPPORT PROJECT	B	30-Sep-93	30-Sep-95	50%	30%	109	0	109	0	109	11	7	64%	33	76	0 (**)	44		
TOTAL S.O. # 2:						39%	53,693	3,549	30,053	23,640	22,175	5,654	4,661	82%	11,640	18,413	8,818	0	5,475	
S.O. # 3: Improved Health of High-Risk Populations																				
5270285 00	G CHLD SURVIVAL ACTION PROJECT	A	29-Sep-87	31-Dec-95	85%	80%	17,627	127	17,627	0	8,017	1,500	1,705	114%	14,188	3,481	1,865	1,500		
5270319 00	G STRENGTHENING HEALTH INSTITUT.	B	30-Sep-91	31-Dec-99	36%	26%	18,000	6,479	13,220	4,780	4,968	1,000	920	92%	3,377	9,843	2,050 (**)	3,000		
5270326 00	G PRIV. COMMERCIAL FAM PLANNING	C	30-Aug-91	31-Aug-98	62%	62%	5,000	0	5,000	0	2,866	500	527	105%	3,124	1,76	1,356 (**)	550		
5270335 00	G FAMILY PLANNING SERV EXPANSION	B	22-Sep-89	30-Sep-95	83%	85%	17,220	4,950	15,427	0 (**)	2,993	2,500	870	35%	10,078	5,351	2,854 (**)	2,000		
5270366 00	G PROJECT 2000	B	30-Sep-93	30-Sep-2000	14%	0%	30,000	6,280	14,195	15,805	7,915	0	0	0	0	14,195	14,195	0		
TOTAL S.O. # 3:						47%	67,847	17,836	65,469	20,565	26,759	5,500	4,022	73%	30,743	34,726	22,122	0	7,050	
SUBTOTAL ACTIVE PROJECTS							48%	194,082	36,156	135,156	56,613	55,361	14,575	12,075	63%	84,479	70,677	35,992	0	18,900
TERMINATED PROJECTS																				
S.O. # 2: Broader-Based, Sustainable Economic Growth																				
5270244 00	G UPPER HUALLAGA AREA DEVELOP.		15-Sep-81	31-Dec-93	100%	100%	16,250	0	16,248	2 (***)	1,494	0	0	0%	16,202	48	0	0		
5270244 00	L UPPER HUALLAGA AREA DEVELOP.		15-Sep-81	31-Dec-93	100%	100%	15,000	0	14,993	7 (***)	7	0	0	0%	14,993	0	0	0		
5270282 01	G AGRIC TECHNOLOG TRANSFORMATION		25-Sep-87	31-Aug-93	100%	100%	25,000	0	22,900	2,100 (***)	815	0	0	0%	22,853	47	0	0		
SUBTOTAL TERMINATED PROJECTS							100%	56,250	0	54,141	2,109	2,118	0	0	54,048	93	0	0		
ACTIVE PROGRAM																				
S.O. # 2: Broader-Based, Sustainable Economic Growth																				
5270344 00	G ECON STABILIZATION & RECOVERY		30-Sep-91	30-Sep-95	75%	40%	50,000	0	50,000	0	30,000	30,000	0	0%	20,000	30,000	30,000	30,000		
SUBTOTAL ACTIVE PROGRAM							40%	50,000	0	50,000	0	30,000	30,000	0	0%	20,000	30,000	30,000	30,000	
TOTALS							56%	300,312	36,156	239,297	58,722	90,477	44,575	12,075	27%	136,527	100,770	65,992	0	48,900

(*) LOP INCLUDES OYB TRANSFER OF \$502,500 PROVIDED DIRECTLY TO ICITAP
 (***) LOP INCLUDES OYB TRANSFER OF \$793,000 PROVIDED TO RD/POP/CPSP FOR CONTRACEPTIVE PROCUREMENT
 (****) THIS AMOUNT REPRESENTS DEBLIGATION OF UNUSED PROJECT BALANCE AS OF SEPTEMBER 30, 1993
 (*****) HB13 GRANTS & COOPERATIVE AGREEMENTS (FOR REFERENCE ONLY)

PIPELINE ANALYSIS
USAID/PERU
SEPTEMBER 30, 1994

USAID/CONT
11/03/94

PROJECT NO	PROJECT TITLE	CUMM. OBLG	OBLIGATIONS BY FY							PIPELINE							TOTAL			
			1987	1988	1989	1990	1991	1992	1993	1994	1987	1988	1989	1990	1991	1992		1993	1994	
ACTIVE PROJECTS																				
5270081.00	SPECIAL DEVELOP. ACTIV.	2,563	1,765	99	99	100	100		200	200						2	4	8		
5270285.00	CHILD SRVAL ACTION PROJ.	17,627	2,800	5,114	3,299				4,018	2,501	127	14	35	14		1,121	2,150	127	3,481	
5270303.00	ADMINISTRATIVE OF JUSTICE	3,510	1,850	500	500				660				29	8		348			385	
5270319.00	STRENGTH. HEALTH INSTIT.	13,220							3,025	2,331	1,365					333	1,700	1,365	6,426	8,842
5270328.00	PRV.COMCIAL FAM. PLANNG.	6,000							604	1,900	2,496					158	1,718			1,876
5270335.00	FLY PLANG. SERV. EXPION.	16,427			2,217	6,520			1,270	470	4,950					38	1,028	69	4,218	5,351
5270340.00	CLASP II	2,975							1,843	869	263					199	869	263		1,331
5270341.00	E.N.R.B. -TNC	3,800							2,125	1,475						621	1,475			2,096
5270343.00	PLCY. ANALYS., PLNG. IMPLM.	6,648				1,188	2,460			3,000						29	1,228	2,997		4,252
5270347.00	NCTICS. EDUC. & COMMUNITY. INIT.	6,780							3,800	2,800	180						414	1,724	180	2,298
5270349.00	MICROENT. & SMALL PROD. SUPP.	14,848							4,500	7,614	2,534					1,027	5,063	2,534		8,644
5270352.00	JUSTICE SECTOR SUPPORT	1,800									1,800								1,800	1,800
5270353.00	PVO PROGRAM SUPPORT	4,350							1,834	1,701	1,015						218	1,625	1,015	2,858
5270356.00	PARDEM: PARTICIPAT. DEMOC.	4,400									4,400								4,400	4,400
5270366.00	PROJECT 2000	14,195								7,815	6,280							7,915	6,280	14,195
5270371.00	LOCAL GVRNMENT. DEVELOPM.	5,000									5,000								5,000	5,000
5270372.00	INTEGRATED PEST MGMT.	700								700								488		488
5270378.00	ELECTION SUPPORT	2,000									2,000								2,000	2,000
5980772.18	PRIVATE SCTR. INSTIT. REFORM	10,828			1,800	2,269	2,387	1,800	1,400	1,150						2	49	487		2,072
5980780.00	ENVIRONMENTAL SUPP. PROJ.	109							109									78		78
TOTAL PROJECTS		135,158	8,218	5,713	7,885	10,095	15,201	19,254	34,635	36,158		14	64	22	67	3,209	5,188	27,623	34,493	72,231
												0.02%	0.05%	0.03%	0.09%	4.44%	7%	38.24%	47.75%	100%
ACTIVE PROGRAMS																				
5270344.00	ECON. STAV. & RECOVERY	50,000							50,000							30,000				30,000
TOTAL PROGRAM		50,000							50,000							100%				100%
TOTAL		185,158	8,218	5,713	7,885	10,095	15,201	19,254	34,635	36,158	0	14	64	22	67	33,209	5,188	27,623	34,493	102,231



**UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT
USAID/PERU**

**SUMMARY OF USAID/PERU'S
PROJECT IMPACTS
FY 1994**

DECEMBER 1994

SUMMARY OF USAID/PERU'S PROJECT IMPACTS FY 1994

TABLE OF CONTENTS

STRATEGIC OBJECTIVE NO. 1: STRENGTHENED DEMOCRATIC INSTITUTIONS

527-0061	SPECIAL DEVELOPMENT ACTIVITIES FUND	1
527-0303	ADMINISTRATION OF JUSTICE	2
527-0340	PERUVIAN PEACE SCHOLARSHIP PROGRAM	3
527-0347	NARCOTICS EDUCATION AND COMMUNITY INITIATIVES	4
598-0772	PRIVATE SECTOR INSTITUTIONAL REFORM PROJECT	5

STRATEGIC OBJECTIVE NO. 2 BROADER-BASED, SUSTAINABLE ECONOMIC GROWTH

PL 480 TTITLE II	ADRA/OFASA: NUTRITION, HEALTH AND DEVELOPMENT	6
PL 480 TITLE II	CARE-PERU SUSTAINABLE FOOD SECURITY	7
PL 480 TITLE II	CARITAS DEL PERU: FOOD PROGRAM	8
PL 480 TITLE II	PRISMA: INTEGRATED CHILD HEALTH AND NUTRITION PROGRAM FOR AT-RISK FAMILIES - PANFAR.	9
PL 480 TITLE II	MONETIZATION PROGRAM	10
PL 480 TITLE III	MONETIZATION PROGRAM	11

527-0343	POLICY ANALYSIS, PLANNING AND IMPLEMENTATION	12
527-0349	MICROENTERPRISE AND SMALL PRODUCERS SUPPORT	13
527-0353	PVO SUPPORT	14
527-0341	EMPLOYMENT AND NATURAL RESOURCE SUSTAINABILITY . . .	15
527-0372	INTEGRATED PEST MANAGEMENT FOR ANDEAN COMMUNITIES	16
598-0780	PARTICIPATORY LAND USE CLASSIFICATION AND SUSTAINABLE ECONOMIC DEVELOPMENT IN HUMAN- IMPACTED AREAS OF THE TAMBOPATA-CANDAMO RESERVED ZONE	17

**STRATEGIC OBJECTIVE NO. 3: IMPROVED HEALTH STATUS OF
HIGH-RISK POPULATIONS**

527-0285	CHILD SURVIVAL ACTION PROJECT	18
527-0319	STRENGTHENING HEALTH INSTITUTIONS PROJECT	19
527-0326	COMMERCIAL FAMILY PLANNING	20
527-0335	PRIVATE VOLUNTARY ORGANIZATION FAMILY PLANNING . . .	21

Project Number: 527-0061
Project Name: SPECIAL DEVELOPMENT ACTIVITIES FUND

I. Project Level Impacts To Date and Major Accomplishments in FY 1994

- Supported twenty high-impact small-development initiatives, of an average cost of \$10,000, to improve the living conditions and productive prospects of communities in acute poverty areas of Arequipa, Huancavelica, Junín, Cusco, Huanuco, Piura, San Martín, La Libertad, Ica and in marginally urban and rural areas of Lima. Out of the 20 projects approved, 52% were targeted for agriculture, appropriate technology and production initiatives and 48% for basic community services, and 60% of total projects were directed to women.
- Improved quality of care for 200 children through the completion of a health center for disadvantaged children in Cieneguilla, Lima.
- Increased employment opportunities for 1,000 students through the implementation of a sewing workshop and metal construction vocational center in two schools of Rioja, San Martín.
- Increased income generation opportunities for women through the funding of a small laundry business in Trujillo, benefitting 80 families.
- SDAF's seed money to finance self-help projects increased many communities' credibility to receive support from other donors. This leveraging of AID's resources has led to improved living conditions and other development impacts as well as encouraged grassroots organization.

II. Expected Accomplishments in FY 1995

- 17 SDAF projects are targeted for agricultural/rural development, environment and social development sectors in Lima and other provinces. When completed approximately 20,000 men and women living in low-income areas will benefit directly from these self-help activities.
- Inauguration ceremonies will be coordinated with the beneficiary communities in order to deliver AID plaques of recognition of USG assistance. These acts strongly build U.S. ties to the people of Peru, particularly low-income, disadvantaged communities.

Project Number: 527-0303
Project Name: ADMINISTRATION OF JUSTICE

I. Overall Level Impacts To Date and Major Accomplishments in FY 1994

- The National Registry of Detainees was expanded and opened to public access in the San Martin emergency zone.
- Promoted the creation of the Judicial Academy, which will train young judges and prosecutors from all over the country at all levels, and also periodically throughout their careers to increase professionalism of the judiciary and promote greater public confidence.
- Promoted the establishment of the Judicial Council, which will select and nominate judges and prosecutors once the Honor Jury, which was temporarily in charge of the selection of judges for the Lima Court, finishes its work.
- Designed and implemented automated case-tracking systems for judges and prosecutors, thus helping the courts to better manage their case loads resulting in less delays in the judicial process.
- Approximately 409 prosecutors and judges were trained to assume their new roles under the new Criminal Procedures Code in the past six months. To date, 1,375 prosecutors and 774 judges have been trained.
- Our cooperation with USAID/Panama led to the design and application of a manual case-tracking system in Panama's Public Ministry using the model developed by the Project and implemented in the Peruvian Public Ministry.

II. Expected Accomplishments in FY 1995

- As the Project ends on December 31, 1994, all activities have terminated, and USAID project staff are closing out the Project and beginning to implement the recently signed JUST Project (U\$1.6 M).
- Completion of the Lessons Learned update document and the closeout process of the AOJ Project will highlight positive examples for application in future planned initiatives in the democracy sector.

Project Number: 527-0340
Project Name: PERUVIAN PEACE SCHOLARSHIP PROGRAM

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- Seventy-one non-traditional leaders, 31 women and 40 men, attended tailor made short-term and academic innovative training programs in the U.S. on administration of justice, private sector leadership, grassroots women leadership, business, environment, municipal development, economics education and public administration.
- Training programs implemented during the reporting period, promoted the access to managerial and leadership skills experiences and favored exchanges between leaders from both the public and private sector.
- The FY 94 follow-on strategy supported nine workshops in Lima and provinces. The National Alumni Association integrated 250 returned participants. Seven provincial ABEUSA chapters were established.

II. Expected Accomplishments in FY 1995

- Fifteen technical officers from local governments will attend a training program in Municipal Development and on their return further strengthen Peru's decentralization.
- Fifteen journalists will attend a training program in Mass-Media Communication and on their return improve the quality of reporting and information accessible to the public.
- Strengthening of the USAID/Peru Alumni Association (ABEUSA) and its seven provincial associations through specialized workshops, in order to integrate the newly returned 158 participants.

Project Number: 527-0347
Project Name: NARCOTICS EDUCATION AND COMMUNITY INITIATIVES

I. Overall Project Level Impacts to Date and Major Accomplishments in FY 1994

- Project contributed to the GOP developed Peru's National Drug Control and Prevention Plan which presents the policy framework for the participation of public and private sectors in fight against drugs.
- 43.5 % of Peruvians recognize drug-related activities as a major national problem that needs to be corrected immediately.
- 709 high schools have incorporated the drug prevention program in their school curricula.
- 37 drug prevention programs have been self-conceived and are operated at the community level.
- CEDRO continues its Street Children Program successfully through five self-sustained centers.

II. Expected Accomplishments in FY 1995

- One-half of the Peruvian population will be aware that drug-related activities constitute a serious threat to their country.
- 650 new high schools shall adopt the drug prevention program in their schools curricula.
- Approximately 20 new self-conceived drug prevention programs should be implemented at the community level.
- CEDRO will publish its 1994 combined studies on public opinion and the epidemiological survey on drug prevalence.
- CEDRO will successful implement at least two new street children programs in the provinces and their sustainability based on communities and/or local governments participation.

Project Name: 598-0772
Project Number: PRIVATE SECTOR INSTITUTIONAL REFORM PROJECT

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- ILD was able to formalize 200,000 properties (154,000 in Peru and 40,000 in El Salvador) through a system for property formalization and registration on a large scale, many times faster, and at a much lower cost than other systems in the world. This innovative USAID-financed land titling system has resulted in significant increases in production, income, asset values, and access to credit.
- ILD has devised a very successful system for incorporating informal micro enterprises into the formal market. Over 260,000 Peruvian firms have benefitted from this deregulation and fast-track system with an indirect impact of broadening the Peruvian tax base.
- ILD pioneered the concept of "Citizen Participation" in Peru. From a proposal presented by ILD, with the support of more than 2,200 grassroots organizations, the Congress passed a law that established procedures to implement mechanisms such as popular initiative, referenda, and revocation of power.
- The nationwide coverage of ILD's citizen participatory work laid the groundwork for enactment of laws at municipal levels that formalized the participation of citizens in municipal decision-making and ensured greater transparency.
- ILD's direct consultations helped persuade President Fujimori to hold new elections and write a new constitution after he dissolved the nation's legislature and seized all power on April 5, 1992. The new constitution, approved on November 22, 1993, embodies democratic principles of governance that ILD developed while working under this Cooperative Agreement.

II. Expected Accomplishments in FY 1995

- The PACD is February 28, 1995. A final project evaluation will be carried out in January 1995. This evaluation will assess ILD's accomplishments throughout the entire Cooperative Agreement.

Project Number: PL 480 TTITLE II
Project Name: ADRA/OFASA: NUTRITION, HEALTH AND DEVELOPMENT

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- 335,030 people from 911 marginal communities in urban and highland rural areas increased their access to food through 1,212 projects implemented by ADRA/OFASA with 96,439 direct participants, of which, 33,696 (35%) were women participants in health/nutrition or food-for-work activities.
- 21,236 MT of food were distributed.
- 14,316 nutritionally high-risk children from 0 to 60 months showed a positive growth curve, 14,129 children from 9 to 60 months were immunized and 939 pregnant mothers were immunized.
- 18,382 children were assisted through soup kitchens for infants and teens, and 178,161 breakfasts, 919,980 lunches and 56,735 dinners were served.
- 3,315 MT of food were produced from 595 hectares and 16 new food storage warehouses were built in rural areas.
- Increased production yields in relation to regional averages have been achieved in potatoes by 95%, wheat by 57%, oats by 56%, and beans by 51%
- Microenterprises generated by the program have succeeded in paying their workers an average monthly salary of US\$90 which represents 155% of the legal minimum salary. The average monthly profits accomplished by the microenterprises have been US\$421, allowing the repayment of credits obtained from the Revolving Fund and its capitalization.
- 739 groups were trained in business management, production and marketing. There were 685 loans for a total amount of US\$343,243 given to established and formalized microenterprises.
- 1,336 families from 17 communities, and 3,313 families from 37 communities benefitted from the construction of 50 Km of primary access roads and the rehabilitation of 234 Km of secondary roads.
- 7,892 families from 78 communities benefitted from the construction of 10,551 latrines, 2,880 families in 27 communities benefitted from the installation of potable water systems, and 3,028 families in 33 communities benefitted from the installation of improved sewerage systems.
- 478 families in 6 communities benefitted from the construction of 6 health posts.
- 430 families in 3 communities benefitted from the construction of 52 school classrooms.

II. Expected Accomplishments in FY 1995

- ADRA/OFASA will implement in its regular program approximately 1,200 projects in 870 communities with 85,000 direct participants, reaching a total of 310,000 beneficiaries, through various program components, and 18,500 MT of commodities will be distributed.

Project Number: PL 480 TITLE II
Project Name: CARE-PERU SUSTAINABLE FOOD SECURITY

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- More than 363,500 low income people increased their access to food through 2,622 community kitchens and other centers.
- 9,315 women from the community kitchen income generation project increased their incomes 200% on average as a result of 27,945 short-term loans.
- Approximately 7,800 new jobs were created by 3,930 assisted microenterprises.
- 7,869 assisted microenterprises have received loans totalling \$7.6 million.
- Soil conservation and agroforestry sponsored activities have put 495 hectares of land under food crop production.
- 535 community tree nurseries and 959 family-level nurseries were successfully established.

II. Expected Accomplishments in FY 1995

- Provide a total of 2,040 short-term loans and microenterprise training courses to an equal number of women.
- Establish 1,200 hectares of annual crops, 140 hectares of vegetables, and 20 hectares of pasture on land under improved soil conservation management.
- Provide food supplements and monitor the growth of 3,500 nutritionally at-risk children.
- Upgrade the facilities of 130 "comedores populares".

Project Number: PL 480 TITLE II
Project Name: CARITAS DEL PERU: FOOD PROGRAM

Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- In FY 94, CARITAS has improved food security of more than one million very poor, at-risk people. Activities included direct feeding programs in 2,783 feeding centers and other activities that have increased food production and created temporary employment.
- 1,742 food-for-work projects benefitted over 550,000 people, whose incomes increased through improved production and marketing of goods, and improving nutritional levels and access to health services through sanitation projects and secondary road construction.
- 757 agriculture-related infrastructure projects also contributed to increased crop and animal production and productivity levels in depressed rural sectors.
- Over 500 social infrastructure projects, particularly road construction, potable water and waste control projects, have improved beneficiary access to markets and basic services as well as provided greater health protection.
- Over 111,000 children under age 6 and nutritionally at risk were monitored monthly for weight and height and received supplementary feeding.

II. Expected Accomplishments in FY 1995

- Approximately 40,000 acute and chronically malnourished children will be nutritionally rehabilitated.
- 1,600 productive, food-for-work infrastructure projects will result in greater food production and increased family incomes for approximately 53,160 families.
- 145 road construction and rehabilitation projects will improve access to markets and to basic health services for population groups living in Peru's extreme poverty areas.
- 41,900 breast-feeding and pregnant women will have improved their nutritional status and will be better prepared to care for the health of their children.

Project Number: PL 480 TITLE II
Project Name: PRISMA: INTEGRATED CHILD HEALTH AND NUTRITION PROGRAM FOR AT-RISK FAMILIES - PANFAR.

i. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- 132,549 at high-risk mothers, 172,790 children (0-59 months) and 138,840 pre-school malnourished children were assisted in FY 94.
- 18,230 MT of food commodities were distributed to families at high-risk through more than 2,600 health establishments throughout the country.
- Near 211,630 beneficiary children were immunized.
- 50% of beneficiary children were controlled monthly for weight and height.
- 90% of Acute Respiratory Infection (ARI) and diarrhea episodes received care from physicians, nurses and health promoters.
- 55% of 132,549 participating mothers received family planning counseling, 64% are using a family planning method (modern, traditional or natural), and 80% of pregnant mothers received prenatal care.
- 60% of the 2,165 acute malnourished children treated in the Kusiayllus were rehabilitated.
- 75% of parents participating in the program attended health and nutrition education sessions.

ii. Expected Accomplishments in FY 1995

- Reach a target of (a) 110,000 mothers of high risk families, (b) 220,000 children 0-59 months from high risk families, (c) 2,400 acutely malnourished children in-home rehabilitation, (d) 160,000 pre-school children, and (e) 4,166 weaning age children from 6 to 24 months.
- Deliver supplementary food to 160,000 pre-school children for 8 months of the year, assuring that each child receives 50% and 22% of their daily protein and calorie requirements respectively with 2.01 Kg per month.
- Organize and implement, with the regional teams, 100 local level (sub-regional) training events and "education at a distance" for approximately 10,000 nurses, social workers, auxiliaries, sanitary workers, and teachers.
- Integrate the use of locally grown andean grains as a suitable weaning food mix for 4,166 children from 6 to 24 months.

Project Number: PL 480 TITLE II
Project Name: MONETIZATION PROGRAM

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- The Title II Program has provided one of the most impacting safety net programs in Peru, supporting thousands of organized women's groups in meeting the essential daily food needs of 1 out of every 7 Peruvians living in densely populated, depressed peri-urban areas.
- Revolving credit funds and agricultural productivity-related interventions, including soil conservation practices, seed banks, biological pest control and high altitude greenhouses have consistently increased average per hectare yields.
- Successful pilot projects undertaken by PRISMA and CARE have demonstrated the feasibility of a home-based, parent-controlled process to achieve the rehabilitation of acutely malnourished children.
- Title II support of microenterprise activities has resulted in increased family income and the saving and creation of thousands of new jobs among Peru's poor, has also contributed to a major USAID policy determination to expand microenterprise activities as part of its country program strategy.
- Key Cooperating Sponsor staff have received intensive, updated training in logical framework planning with a view to achieving improved targeting and quality programming in light of the Mission's Food Security Strategy.

Expected Accomplishments in FY 1995

- The controlled local purchase of food commodities will provide in specific cases more efficient and appropriate direct feeding resources, indigenous weaning foods and incentives for small farm food production.
- A successfully tested follow-on activity for community feeding centers ("comedores") will provide expanded small loan opportunities for organized women's groups and result in both increased family income and sustainable employment.
- The Title II Program expects to successfully link up actual and potential program microentrepreneurs with alternative sources of support for their business initiatives.

Project Number: PL 480 TITLE III
Project Name: MONETIZATION PROGRAM

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- Two reductions on the surcharge structure (affecting wheat and corn) were put into effect, one on April 5 and the other on October 10, thus reducing prices for consumers.
- ENCI continues to operate without subsidies from the GOP, and its labor force has been reduced to approximately 360 employees from a previous level of almost 2,000.
- PRO DESARROLLO completed a study on the potential impact on the Peruvian economy of a drawback mechanism to favor exporters.
- The system of Negotiable Credit Notes established by SUNAT (for domestic Sales Tax refunds) has resulted in S/.289 million issued, principally to exporters, during the January-August 1994 period.
- Of the 30 INIA research stations, all but 9 have been or are in the process of being transferred to the private sector.
- As of September 1994, 6 Cajas Rurales are in operation, with a total paid-in capital of \$2.1 million, an additional \$5 million from the FONDEAGROs, and credit lines from COFIDE totalling \$4.9 million.
- For the June-September 1994 period, the Ministry of Agriculture via PETT (Programa Especial de Titulación de Tierras y Catastro Rural) delivered 22,000 property titles to farmers, nationwide.
- 60 multi-communal and 107 communal enterprises have been established, grouping more than 4,000 peasant communities and providing cost-effective technical assistance and credit to small farmers.
- The law to establish commodity exchanges in Peru was promulgated by the President on September 30, 1994 to help eliminate distortions in the farm-gate prices formation.

II. Expected Accomplishments in FY 1995

- Future rounds of surcharge reductions are scheduled for January and July of every year until 1997, when the surcharge structure is expected to be eliminated.
- The Committee to privatize ENCI is expected to resume activities early in the fiscal year once the new President of the company is designated.
- Both the proposed seed and water users laws may be modified as they await approval by Congress, but neither is expected to be enacted until the national elections are concluded.
- The Ministry of Agriculture expects to deliver up to 47,000 property titles by December 1994.
- The Mission Food Security Strategy will be presented in final draft to USAID in January 1995.

Project Number: 527-0343
Project Name: POLICY ANALYSIS, PLANNING AND IMPLEMENTATION

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- Design and implementation of Fujimori's economic reform program, including its negotiation of a Rights Accumulation Program with the IMF, rescheduling of the external debt by the GOP at the Paris Club and formation of the Donor Support Group, that led to Peru's reinsertion into the international financial community and economic stabilization.
- Laws governing public enterprises, financial institutions and liberalization of the foreign trade legal framework that led to increase efficiency in the private sector.
- Passage of D. L. 776, which simplifies the municipal taxation structure and reallocates resources to the poorest local governments to increase their capacity to provide basic services to their inhabitants.
- Supported development of Law No. 26366, which reorganizes and modernizes the national system of Public Registries under the Ministry of Justice, creates the Superintendency of Public Registries and simplifies the procedures for registering contracts, titles and property.
- Technical assistance leading to the creation of three new financial instruments: American Depository Receipts (ADRs), mutual funds and stocks without voting rights to strengthen the financial market system and promote investment.
- Administrative reform of "drawback" and fractioning of tariff payments for exporters to promote growth of non-traditional export sector.
- Sponsored pilot program by the tax authority (SUNAT) to reduce tax evasion, in order to broaden the tax base and increase tax collection.
- Creation of the Unified Registry of Taxpayers that reduces the bureaucratic burdens for legalization of microenterprises.

II. Expected Accomplishments in FY 1995

- Regulations for environmental standards in the areas of: gold mining, manufacturing pollution, and fishmeal industry.
- Guidelines for Civil Service Reform in Peru, and strengthening of the technical capabilities of the public sector.
- Medium term investment plan (1995-1999) for the public health and education sectors.
- Coordination mechanisms and allocation of resources to local governments.
- Policy framework for micro-enterprise and small agriculture development.
- Training in the areas of: implementation of structural reforms, project appraisal, budgeting in social sectors for public employees.

Project Number: 527-0349
Project Name: MICROENTERPRISE AND SMALL PRODUCERS SUPPORT (MSP)

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- Directly generated a \$2.5 million increase in exports in the agriculture and fishing sectors. Furthermore, project activities have led to \$25.0 million worth of exports, particularly within the fishing sector.
- 1,683 new jobs have been created. In addition, more than 5,000 jobs were secured in the fishing sector that would have been lost if the HACCP sanitary and quality control system had not been introduced by the Project.
- 8,939 persons in the agriculture and microenterprise (handicrafts) sectors have increased their incomes through MSP assistance.
- Approximately 1.5 million small farmers and microentrepreneurs nation-wide receive an up-date on technical information (from what crops to plant to current problems involving exports) on a weekly basis through a MSP-sponsored radio program broadcasted by a network of 55 radio stations.
- Started activities with grass roots organizations in cacao, coffee and potatoes in some of Peru's poorest selva and sierra poorest regions, many of which are out-migration or coca producing areas.
- Initiated a \$2 million anti-poverty lending program with ADEX, CARE, CRS and FINCA to benefit more than 9,000 disadvantaged women from the poorest strata, utilizing the "Village Banking" model (community group lending), and providing loans of up to \$300 per individual.
- The Motupe Caja Rural (rural bank) has completed the level of capitalization required to provide credit to microentrepreneurs and small farms.

II. Expected Accomplishments in FY 1995

- The production of several MSP-assisted products is expected to come on line in FY 95 resulting in a \$25.0 million increase in sales and the creation of 5,800 new jobs.
- 18 grassroots organizations will receive assistance from MSP to increase service capacity for their membership.
- A Microenterprise Council will be established under the leadership of the Ministry of Industry to identify problems that impede a quicker growth of Micro and Small Enterprises and will propose solutions. It will also serve as a coordination and cooperation mechanism for all microenterprise-related entities.
- The Motupe Caja Rural will be fully operational. Its resources will be increased with additional lines of credit, and loans will be provided to at least 600 small farmers and microentrepreneurs during 1995. The Caja's expected financial leverage ratio is 5 to 1.

Project Number: 527-0353
Project Name: PVO SUPPORT

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- Thirty NGOs from the poorest departments of the country, including Ayacucho, Cajamarca, Huancavelica and Apurimac, are being strengthened through the implementation of fourteen development projects and two institutional strengthening projects.
- Sixteen project proposals, including two oriented exclusively toward women, have been financed through PACT for a total of US\$3.2 million, which will benefit 18,600 families.
- Four beneficiary NGOs increased their area of coverage, developing projects in new targeted areas where the incidence of poverty is among the highest in the country.
- Five participating NGOs have established coordination groups with local governments, other public entities and beneficiary organizations in five districts of Ayacucho and Cajamarca, in order to plan and implement development projects for these areas.
- As a result of technical assistance 30 have begun to strengthen NGOs their technical and institutional capacity for programming and implementing of sustainable development projects.
- Seven Project beneficiary-NGOs formulated their vision, mission, institutional strategy and local development proposals.

II. Expected Accomplishments in FY 1995

- 15 groups of district coordination will function with the participation of 20 of the 60 NGO beneficiaries of the Project.
- 10 development plans will be formulated by the same number of NGOs with the highest level of institutional development.
- 110 NGOs will increase their technical and institutional capacity to program and implement sustainable development projects.
- The 110 qualified NGOs will formulate at least 80 project proposals applying methods and techniques taught by PACT.
- PACT secures financing from other sources for 4 of the best project proposals formulated by 4 qualified NGOs.
- 8 Project beneficiary-NGOs will increase their influence in newly targeted poverty areas of the country.
- At least 4 NGOs will diversify their financial resources with at least one new funding source.

Project Number: 527-0341
Project Name: EMPLOYMENT AND NATURAL RESOURCE SUSTAINABILITY

I. Identify Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- Six income generation activities have been started: salt-drying fish; community palm management; improved rice, maize and bean production; and management of 'taricaya' turtles.
- Two community centers and six control posts were built or rehabilitated and equipped, and are operating in support of the projects goals.
- Four community promoters and twenty conservation promoters (guards) were trained and are working in the Reserve.
- 327 people have received short-term training in areas such as reserve protection, sustainable economic activities and environmental awareness.
- Two participatory rural assessment workshops have been held with local communities, reaching an estimate population of 150 to enhance community awareness of the feasibility of sustained yield practices.
- Three baseline studies completed. They are being used for developing proposals for the zoning and management of the state which Pacaya-Samiria Reserve.

II. Expected Accomplishments in FY 1995

- Ten to fifteen small production units in operation, and small revolving fund established to start up income generating activities.
- Four community fisheries units established.
- Three additional community centers (including a floating one) operating.
- 300 additional people trained.
- Six participatory rural appraisal workshops conducted.
- Legislation and regulations for the Reserve drafted.
- Geographic Information System operating and technical proposal for zoning of the Reserve developed.
- Food security strategy drafted to outline options and alternatives for providing food to the population during those natural, cyclical events which interfere with production for auto-consumption and subsistence.

Project Number: 527-0372
Project Name: INTEGRATED PEST MANAGEMENT FOR ANDEAN COMMUNITIES

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- 430 farmers have already treated stored potato seeds with biological agents (Beauveria fungus and Baculovirus).
- 1,640 smallholder farmers trained in IPM (pest biology, field recognition, pest control strategies and practices).
- 57 extensionists and agronomists trained to serve as instructors in IPM techniques.
- Insect demonstration kits containing dissected pest insects and their natural enemies have been prepared for 114 communities.
- Farmer-oriented posters and bulletins prepared, validated and disseminated.

II. Expected Accomplishments in FY 1995

- Farmers will start applying IPM techniques in the new potato production cycle starting in October-November 1994.
- 16 community members trained in propagation of biological agents.
- 1,400 additional smallholder farmers trained in IPM.
- Video clip on insect biology and recognition completed, validated and disseminated.
- Initiation of the implementation of eight community-managed microenterprises for the production of entomopathogenic, biological agents.
- Design, validation and dissemination of posters and bulletins on safe handling of pesticides, as well as non-chemical pest control practices.
- What are the project's projected potato yields and impacts on farmer incomes in 1995?

Project Number: 598-0780
Project Name: PARTICIPATORY LAND USE CLASSIFICATION AND SUSTAINABLE ECONOMIC DEVELOPMENT IN HUMAN-IMPACTED AREAS OF THE TAMBOPATA-CANDAMO RESERVED ZONE

I. Identify Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- Digitalized base maps for all 19 communities participating in Project prepared. Physiographic/vegetation maps covering 65,000 ha and based on photointerpretation have been produced, as well as soil maps for two communities and topographic maps for four communities to provide the information necessary for a rational land use.
- Genetic resource production facilities established.
- 80 farmers trained in land use capability classification survey.
- Geographic Information System established.

II. Expected Accomplishments in FY 1995

- Agroindustrial plant for pilot production of ground tumeric dried ginger, candied fruits, jellies and liquors from wild and cultivated fruit trees installed.
- Seed revolving fund established.
- Small animal husbandry program initiated.
- Integrated pest management program initiated.
- Train 40 more farmers on land use capability surveys.
- Market study completed. It has revealed market opportunities for some products such as tumeric, ginger, pepper, camu camu, uña de gato and peach palm.
- Major land uses for all Project areas defined.

Project Number: 527-0285
Project Name: CHILD SURVIVAL ACTION PROJECT

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- Decrease in infant mortality from 88/1000 in 1986 to 55/1000 in 1992.
- Infant immunization coverage in CY 1993 reached 85 % of children under one year of age. (Highest rate ever reached in Peru).
- Excellent management and control of the cholera epidemic with over 700,000 cases and a national average fatality rate of 0.7%.
- Eradication of the wild polio virus from Peru, as certified by the WHO/PAHO International Polio Certification Commission in September 1994.
- Establishment of MOH's nationwide Active Epidemiological Surveillance System (VEA) with a weekly negative disease notification system with over 1,400 notification units.
- Implementation of MOH's nationwide computerized health and management information system (HIS/MIS) with over 130 computer centers operating throughout Peru. The interaction of the HIS/MIS and VEA systems has enabled the MOH to streamline its management and decision making process to respond more promptly and effectively to public health problems, such as the nation-wide cholera epidemic, a rabies outbreak in San Martin, the bubonic plague in Lambayeque, and other disease outbreaks.
- A total of 119 physicians and nurses (80 females and 39 males) from 38 different hospitals trained as trainers on clinical case management of diarrheal diseases and acute respiratory infections, and a total of 117 health professionals (75 female physicians, nurses and obstetricians, and 52 male physicians) from 30 different hospitals trained as trainers on lactation management and adequate weaning practices.
- The first GOP/MOH National Health Communications Policy formally issued in September 1994.

II. Expected Accomplishments in FY 1995

- Infant immunization coverage maintained at 85 % of children under one year of age.
- A total of 124 physicians, nurses and obstetricians to be trained as trainers on clinical case management of diarrheal diseases and acute respiratory infections and lactation management and weaning.
- Over 10,000 field health professionals trained on clinical case management of diarrheal diseases and acute respiratory infections and lactation management and weaning.
- A group of 20 physicians and nurses will graduate from the 2-year, field epidemiology training program.
- A total of 60 health communicators will be trained on conducting local needs assessments/surveys and designing operational plans and implementation strategies for health messages on diarrhea, acute respiratory infections, and breastfeeding and weaning.

Project Number: 527-0319
Project Name: STRENGTHENING HEALTH INSTITUTIONS PROJECT

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- Basic health, nutrition and initial education services are being provided in 290 Wawa Utas, which are organized and administered by mother's clubs in Aymara Indian communities.
- Family Planning services have been extended to 600 women of reproductive age in the Ilave and Huancane rural areas of Puno, through the provision of mobile services.
- Daily provision of maternal child-care and reproductive health services in Paucarpata, a peri-urban community in Arequipa, has been extended from 5 to 12 hours through an innovative cooperation model between the private NGO AFOSMI and the local public health center.
- Radio broadcasts of primary health care information in Quechua and Aymara in Arequipa and Puno are maximizing impact throughout the rural area of the region, reaching more than 982,000 people.
- 330 community health promoters and NGOs' staff have initiated their training in Puno and Arequipa in primary health care service techniques, administrative, and management.
- Initiated SHIP North activities with the University Research Corporation to implement a pilot non-profit health care system in Chiclayo. Municipalities have offered donations of land and infrastructure as a contribution to the program.

II. Expected Accomplishments in FY 1995

- Increase delivery of mother-child health services in Paucarpata from 12 to 24 hours a day.
- Empower women in communities so that they participate actively in project decisions.
- Form regional consortiums or coordinating bodies in Puno and Arequipa to secure future funding for PHC services from internal and external sources, coordinate and integrate activities.
- Open the first Primary Health Care clinic with cost recovery mechanisms.
- Offer the only community-based health facility delivery service in Chiclayo.

Project Number: 527-0326
Project Name: COMMERCIAL FAMILY PLANNING PROJECT

I. Overall Project Level Impacts To Date and Major Accomplishments in FY 1994

- Project efforts contributed to the increase in knowledge and use of contraceptive methods, and increased prevalence.
- Successful introduction of the project promoted condom ("Piel") during FY 94. Four months sales of this product (1,003,968 units) reached 91% of the annual target.
- 92,000 couple years of protection were supplied by project promoted social marketing contraceptives.
- More than 1.5 million targeted population have received contraceptive information through the mass communication program, which includes a regular presence in mass media, national mass campaigns on family planning, street theater and face-to-face counselling, and training of more than 6,600 pharmacists and pharmacy clerks.
- More than 17,400 telephone calls for counseling and services referrals were received by APROPO through its hot-line over the last two years.
- Project efforts have brought the themes of sexuality, human reproduction, and family planning into mass media, and public forums.

II. Expected Accomplishments in FY 95.

- Increase sales of pills and vaginal tablets contraceptives by 10% or more in the commercial sector.
- Increase sales of the injectables and condoms over the previous year by 10%.
- Increase the rate of retention of mass communication messages from 40% to 60%.

Project Number: 527-0335
Project Name: PRIVATE VOLUNTARY ORGANIZATION FAMILY PLANNING

i. Overall Project Level Impacts to Date and Major Accomplishments in FY 1994

- The two largest PVOs, INPPARES/Lima and CENPROF/Trujillo started to provide more integrated health services for users through community clinics offering daily services.
- Initiated the rural expansion program in extremely poor areas of La Libertad, Junin, Puno, Cusco and San Martin through fixed general health community clinics complemented by itinerant services to reach a wider area.
- The number of available temporary methods has increased as a result of the arrival of Depo-Provera, the three month injectable, and training in natural family planning, now offered by all PVOs.
- Working capital intervention (WCI) protocol was developed and training offered to PVOs enabling them to prepare proposals for this one-time-only opportunity to enhance their income generation/self-sufficiency.

ii. Expected Accomplishments in FY 1995

- Quality of care issues will be increased by more integrated services offered by community clinics, wider array of temporary methods and a counseling form developed to ensure more complete information for users, enhancing his/her free choice and minimizing providers biases.
- Implement recommendations making PVO services more responsive to community needs and thereby increasing utilization.
- Approve and fund most feasible working capital intervention proposals.

**STRATEGIC
OBJECTIVE 1**

STRENGTHENED DEMOCRATIC INSTITUTIONS

IA. BACKGROUND DATA

Project Title: Special Development Activities Fund (SDAF)
 Project Number: 527 - 0061
 Date of Authorization: original 06/01/63
 Date of Obligation: original 06/01/63 amendment annually since 1963
 PACD: yearly SDAF program 06/30/95
 Implementing Agencies: 1. Various agencies (FY 63 - FY 89)
 2. Fe y Alegría (FY 90 - FY 91)
 3. Low-income communities and grassroots organizations (FY 94)
 Major Contractors: N/A
 AID Project Officer: Verónica de Ferrero, Chief, Training and Social Development
 Division
 Status of CPs/Covenants: N/A
 Date of Last Evaluation: 07/94 Next Evaluation: 07/98
 Planned Number of Non-Federal Audits during Fiscal Year: ONE
 The Number of such Audits Contracted for/Completed: ONE
 Date of Last Audit: 07/06/93 NFA RIG/A/SJ managed Next Audit: To be determined

IB. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original	\$2,363,347
Amount Obligated: DA/ESF Grant: amended	\$2,563,347
Amount Committed: Period:	\$ 200,000*
Cumulative:	\$2,563,342
Accrued Expenditures: Period - Projected:	\$ 174,000
Period - Actual:	\$ 214,692
Cumulative:	\$2,557,392 (*)
Period - Next:	\$ 5,950
Counterpart	
Contribution: Planned:	\$ 60,000 (in kind/cash)
Actual:	\$ 40,000
% LOP Elapsed:	96.6
% of Total Auth. Oblig.	100.0
% of Total Oblig. Exp.	99.8
% of Total Auth. Exp.	98.5

* FY 94 obligation. All 1993 projects were completed by September 1994

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This project supports Strategic Objective No. 1: Strengthened democratic institutions that promote popular participation, sustain individual rights and freedoms and are transparent and responsive to their constituents. This is achieved nationwide by promoting low-income communities' access to resources for self-help projects which will have an impact on their community's development and participatory processes. Democratic development in a country like Peru is closely associated with the level of opportunities available for the poorest sectors of society to improve their lives, and the SDAF-funded projects are focused in this direction. The project also supports Strategic Objective No. 2, sustainable economic growth led by the private sector, by directly supporting small entrepreneurial activities of local communities organizations.

Percent of LOP Funds Relating to Strategic Objectives: No. 1: 70
 No. 2: 30

IIB. PROJECT PURPOSE

To permit USAID to finance quickly and with a minimum of procedural red tape small activities which would have immediate impact in the country. Activities to be funded by the SDAF program should generally be small, worthwhile, high-impact types which are aimed at improving the socio-economic status of the poor.

The project benefits people from marginal communities who are without access to governmental or other donor programs. Consistent with USAID's policy, more than 50% of the small projects' beneficiaries are women from the communities directly participating in the activities. In addition to the self-help components of the projects, small complementary assistance to these individual projects is sometimes derived from local municipal governments and/or from national and international donors, especially NGOs.

III. PROJECT DESCRIPTION

Since the inception of the SDAF program in 1963, 834 small projects in marginal-urban and rural areas throughout Peru have been financed for a total of approximately \$2.5 million. From inception through 1989, the SDAF program was managed directly by USAID through grant agreements with community-based organizations and/or intermediary organizations working directly with grass-roots organizations nationwide. In FYs 90 through 92, the SDAF program was managed through Cooperative Agreements with the local organization Fe y Alegría, a leading Peruvian PVC engaged in vocational training programs and community development initiatives at the national level. Beginning in FY 1993, the SDAF program management returned to USAID's Training and Social Development Division's (TSD) direct management.

The SDAF program has contributed to dynamic self-help community development activities in the areas of agriculture, rural development, access to basic social services such as education, rural electrification, water and sanitation, health and nutrition, income-generating activities, environmental protection and appropriate technology. All of the program's activities have a very high level of sustainability because of the nature of the activities which involve self-help and community-based "trickle-up" initiatives. Community

10

participation and cohesiveness are integral aspects of the projects' design and implementation.

IV. PROJECT STATUS

During the reporting period, the SDAF FY 94 budget of \$200,000 was obligated. Twenty special projects were approved through individual Cooperative Agreements with representatives of communities located in areas of acute poverty in Cusco, Piura, Huánuco, Junín, San Martín, Arequipa, La Libertad, Ica, and in marginal-urban and rural areas of Lima. Based on recent studies related to poverty in Peru, levels of poverty are determined not only by low-income. The levels of infant mortality, critical living conditions of people without access to minimum nutrition requirements, health services, education and housing are other key indicators.

Approximately 200 requests for assistance were received from Lima and the provinces. Out of those, 60 were pre-selected for funding in FY 94. A Mission Technical Selection Committee was actively involved in the evaluation and selection of these projects and approved twenty (listed separately) which are supportive of Strategic Objective #1, including support to local government's development needs in the rural districts of Sillapata (Huánuco), Ccatcca (Cusco), Chalaco and Santo Domingo (Piura) through small grants to implement municipal mills, agro-ecological and small irrigation projects, health programs targeted for children and support to women's efforts to attain self-sufficiency through several projects targeted for mothers' clubs in Huancayo (Junín), Socabaya (Arequipa), Trujillo (La Libertad) and Lima. Eligible recipients included community groups, women and grassroots organizations promoting social-constructive and productive activities in their regions, low-income schools, health and social services institutions and municipalities of rural districts.

Out of the program's \$200,000 budget, a total of \$194,050 was disbursed during this period. SDAF funds granted ranged between \$3,500 and \$14,000 and the average grant per activity has been \$10,000. One small project (Health Center for Disadvantaged Children in Cieneguilla, Lima) has already been completed and the other nineteen are proceeding well. Total assistance granted during the reporting period may be categorized as follows: 52% for agriculture, appropriate technology, environmental activities and production initiatives; 48% for social infrastructure, education, health and social services. Approximately 60% of total LOP has been directed to women and children. Fifty percent of the total SDAF LOP budget has been earmarked. Twenty five percent has been obligated to develop energy and environment initiatives and 25% for health programs. Approval of valuable community based/self help initiatives in other areas was limited to the program's remaining budget.

FY 93 SDAF projects completed their programmatic activities during the reporting period as planned. A potable water project implemented by the Community of Pilcomayo (Huancayo) and the electrification project of the Community of Chuso (Cusco) were inaugurated in June and August 1994 respectively.

A. EOPS

Planned EOPS

Progress to Date

To respond to community-based/self-help initiatives by supporting small developmental activities which are worthwhile, sustainable and have an immediate impact in low-income communities countrywide.

An evaluation of the SDAF program for the period 1983-1993 was completed. FY 93 SDAF projects completed their programs as planned. Nearly total FY 94 obligation of \$200,000 was disbursed during the reporting period. Upon availability of funds, it is expected that during the next reporting period FY 95 SDAF budget will be obligated.

FY 94/Development Areas	# Proj.	Amount	WID * (Est.)	# of Benef. (Estimated)	Total Budget (Est. Percent.)
♦ Rural Development, Environment and Production	11	100,600	3,285	8,535	52%
♦ Health, Education and Social Services	9	99,400	3,000	14,520	48%

* Women are actively involved in each individual project, even when project objective is not specifically targeted for women.

B. Major Outputs

The SDAF program has financed social-developmental, income-generating and environmental projects which are already resulting in the improvement of low-income communities in both marginal and rural areas of Peru, particularly those that are without access to governmental or other donor programs. SDAF individual projects are resulting in successful participatory initiatives which promote democratic values and increase access to opportunities for economic development of beneficiary communities, some of them promoted by former USAID sponsored trainees. These projects actually contribute to achieving Missions's Strategic Objectives No. 1 and are also supportive of Strategic Objective No. 2. Innovative activities in this direction follow:

- The implementation of a municipal mill in Sillapata (Huánuco) will promote a grain processing program as a means to cope with the nutrition deficiencies in this community and will provide value added to agricultural production in the district. This is the first time

4

in the history of this rural district that funds were granted by an international donor in response to its basic developmental needs.

- Implementation of solar community kitchens in "pueblos jóvenes" of San Pedro de Lloc and Pacasmayo, La Libertad, with the participation of approximately 225 low-income women. This is an important effort to solve problems of access to energy in rural areas through a key appropriate technology and environment strategy.

- Environmental sanitation program for an educational center in Villa El Salvador directed to improve the sanitary conditions at one high density low-income school. The rehabilitation of sanitary services together with training and education programs to promote appropriate use and conservation of water resources is a model to be replicated in other high-density schools.

- Agro-ecological development program to promote new techniques for improvement of potato crops in the communities of Huacapampa and Chalaco, in Piura. This is an area of acute poverty in the northern "sierra" and the project includes the provision of technical assistance and training for approximately one-hundred rural families.

- The rural development program in Chacaya, Matucana (highlands of Lima) will implement a "seed rotating loan fund" to strengthen women farmers' active participation in agricultural production programs of the community.

- Entrepreneurial enhancement program for low-income women in Socabaya, Arequipa is a joint effort of the Municipality of Socabaya and four mothers' clubs to implement women's small production programs.

This is a sample of the ongoing SDAF projects under implementation. The established selection criteria and emphasis given to the self-help nature of these projects, in addition to gender issues, and poverty alleviation have been key factors for effective identification of SDAF beneficiaries nationwide.

C. Overall Status and Other Accomplishments

- The project continues to be one of USAID's most successful, high-impact, low-cost programs, receiving significant mass-media coverage.

- Improvements in basic social services, including education, access to potable water, employment generation programs, health, nutrition and training for production programs have resulted from the SDAF activities. Approximately 3,000 families will benefit from the ongoing FY 94 SDAF activities. Quality of care for vulnerable groups --mothers and children-- will be improved through the SDAF projects supported in Cieneguilla, San Juan de Lurigancho-Chosica, Jequetepeque, and Huancaayo.

- The evaluation of the Mission's SDAF program covering activities implemented during the last ten years (1983-1993) was completed in September 1994 by a team of local consultants. During this ten-year period, 166 projects were implemented under the SDAF program. The evaluation was effectively carried out by the team through interviews with beneficiaries and promoters in the field and field inspections of a sample composed of 27 representative projects in 19 departments of Peru. Information from the files and from TSD officers was also gathered during the evaluation process. The final evaluation report was forwarded to USAID/W in September 1994.

The evaluation's global conclusion is that the SDAF program has proven through the years to be a particular useful element of USAID's assistance program in Peru which demonstrates the United States commitment to development at the grassroots levels, and contributes to achieving Mission developmental and humanitarian objectives in Peru. Principal recommendation was to increase funds to the program's yearly budget. This would permit the SDAF to expand its high-impact activities in key areas such as those formerly affected by terrorism where extreme poverty is the greatest constraint to development (rural and native communities).

D. Problems and Delays

- No significant problems and delays have been identified during the reporting period.

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

1. Technical evaluation of potential projects and interviews with potential beneficiaries from Lima and the provinces will continue in order to identify approximately 20 projects to be funded in FY 95.

2. Evaluate with senior management the possibility of implementing the suggestions and recommendations derived from the SDAF program evaluation final report.

3. Conduct field visits in coordinations with Controller's officers to review projects' audit close-out examinations.

4. Schedule project inaugurations for the next six months.

I.A. BACKGROUND DATA

Project Title: Administration of Justice (AOJ)
Project Number: 527-0303
Date of Authorization: original 06/24/86 amendment 09/29/92
Date of Obligation: original 06/25/86 amendment 09/30/92
PACD: original 12/31/87 amendment 12/31/94
Implementing Agencies: Formerly implemented by Ministry of Justice, Public Ministry, and Judicial Branch; since September 30, 1992, implemented by USAID
Major Contractors: None
AID Project Officer/Manager: Edith Houston/Jim Rudolph
Status of CPs/Covenants: CPs: satisfied or on track; Covenants: on track
Date of Last Evaluation: 10/93 (Lessons Learned)
The Number of such Audits Contracted for/Completed: 1
Date of Last Audit: 09/30/92 Next Audit: Future audits only for local contracts in excess of \$25,000

I.B. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$1,000,000	amended to \$4,010,000
Amount Obligated:	DA/ESF Grant: original	\$1,000,000	amended to \$4,010,000 *
Amount Committed:	Period:	\$ 115,978	
	Cumulative:	\$3,228,742	
Accrued Expenditures:	Period - Projected:	\$ 400,000	
	Period - Actual:	\$ 215,345	
	Cumulative:	\$3,125,148	
	Period - Next:	\$ 374,052	
	Outstanding advance:	\$ 25,119	
Counterpart Contribution:	Planned:	\$2,500,000	in cash
	Actual:	\$2,337,469	

% LOP Elapsed: 96.90
% of Total Auth. Oblig. 100.00
% of Total Oblig. Exp. 89.00
% of Total Auth. Exp. 89.00

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

II.A. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project supports Strategic Objective No. 1: Strengthened democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituents. This activity supports the objective by providing technical assistance and training to three primary legal public institutions: Ministry of Justice, Public Ministry and Judicial Branch.

Percent of LOP Funds Relating to Strategic Objectives: 100

II.B. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

The implementation of Project activities has undergone a major transformation since the signing of Amendment No. 4, which transferred project implementation responsibilities to USAID, in September 1992.

The Project's major activities over the past six months include the following:

- 1) the National Registry of Detainees was expanded and opened to public access in the San Martin emergency zone;
- 2) 409 prosecutors and judges were trained to assume their new roles under the new Criminal Procedures Code;
- 3) two important institutions promoted by the Project were established during this reporting period: the Judicial Academy, which will train young judges and prosecutors from all over the country at all levels, and also periodically throughout their career; and the Congressional Commission, which is in charge to modify the Criminal Procedure Code in accordance with the 1993 Constitution and design an implementation schedule;

43

4) using PD&S funds, a local consulting firm was contracted to develop, among other things, evaluation indicators to assess judicial performance such as autonomy, efficiency, access and integrity. This was the first time that a set of indicators had been developed to measure the performance of the Peruvian judicial system; and

5) our cooperation with USAID/Panama led to the design and application of a manual case-tracking system in Panama's Public Ministry using the model developed by the Project and implemented in the Peruvian Public Ministry;

The Project has made exceptional gains since September 30, 1992, when the PP was amended to place implementation authority with USAID/Peru. During the past year and a half, the Project has achieved important implementation successes despite difficult political circumstances.

IV.A. EOPS

Planned EOPS

Progress To Date

1. High priority areas have been selected for continued action and the most effective strategies and methodologies have been defined.
Met. The selected priority areas were: management and legal information systems; professional and administrative training; human rights-related activities; and public legal services.
2. Each institution's administrative information system has been streamlined, and judicial data have been consolidated and computerized.
Partially met. An automated case-tracking system with judicial statistics was installed in 47 prosecutors' offices in Lima Judicial District. Also a manual management information system and case-flow management components were successfully tested in ten courts of Lima.
3. A computerized database system for judicial statistics has been partially implemented, and detailed plans were developed for its completion.
Met. A statistics system has been developed for the Public Ministry to measure, inter alia, output, office pressure points, and time standards.
4. A computerized index for all justice sector-related legislation has been designed and partially implemented.
Partially met. The Judicial Sector Assessment recommended that small legal libraries be installed as more economical and accessible alternatives to a computerized index. But due to lack of resources, the project did not fund this activity.
5. There are ongoing training programs for sector personnel and each institution has developed a medium term training plan based on an assessment of training needs and its experience with courses financed by the Project.
Met. Training programs have been created in the Judicial Branch and the Public Ministry. This experience to train judges and prosecutors will be used as background to be incorporated into the new Judicial Academy.
6. Office equipment has been provided to provincial courts and public prosecutors' offices in accordance with plans for up-grading material resources.
Met. Office equipment and furniture for public prosecutors' offices of the provinces has been purchased and installed. Also equipment purchased for training of judges and prosecutors has been installed. Thirty one Legal Aid Offices received a complete set of furniture in order to set up their offices in provinces and in poor urban areas of metropolitan Lima.
7. Wide support for the program has been generated within the GOP and society at large. One concrete indicator is relative increase in the budgets of the Judicial Branch and Public Ministry.
Partially met. Judicial Branch budgets have historically been far below its minimum requirements. The CY95 budget for the Judicial Branch could be increased by 100% over the previous year, but this is only 50% of the requirements. At the same time the CY95 budget for the Public Ministry could be increased by 200% over the CY94 budget. Among other things, if approved by Congress, this increase would cover the salaries of 700 prosecutors to be hired in 1995 (which is double the current level).
8. There is a completed sector assessment providing baseline data and a full analysis of sector problems.
Met. The Catholic University and ESAN business school carried out the Judicial Sector Assessment. The team focused mainly on three components (1) criminal judicial process; (2) court administration; and (3) judicial information management needs. Baseline and indicators performance data was also developed in 1993/94 by the local firm, APOYO, S.A.
9. There is a fully-functioning National Registry of Detainees.
Met. In February 1994, the NRD became fully functional and accessible to the public in Lima/Callao; providing nation-wide information. The first regional office was opened in the city of Tarapoto in September 1994.

10. There is an improvement of the administrative management in the Judicial Branch and the Public Ministry. **Met.** The office of Court Administrator in the Judicial Branch was created in 1992 by Decree Law, then designed and put into initial operation with technical assistance funded by the Project. PD&S grant funds to the UNDP provided technical support to this office through July 1994. Since then, the Judicial Branch has hired a new court administrator funded with its own resources.

IV.B. Major Outputs

	Planned				Accomplished			
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP	
<u>MINISTRY OF JUSTICE</u>								
1.	Number of Legal Aid Office established	18	0	31	0	0	31	172%
2.	One central legal library established	1	0	1	0	0	1	100%
<u>PUBLIC MINISTRY</u>								
3.	Design and use of operational manuals for application of new Criminal Procedures Code (*)	100%	20%	30%	0%	N.A.	N.A.	N.A.
4.	National Registry of Detainees established	100%	10%	100%	0%	20%	100%	100%
5.	Percentage of cases of "disappearances" resolved by the Human Rights Special Prosecutor's Office (**)	100%	50%	23%	N.A.	N.A.	N.A.	N.A.
6.	Number of prosecutors trained	950	120	1315	0	180	1375	145%
7.	Number of courses	40	4	82	0	5	83	208%
8.	Percentage of Lima Prosecutors' Offices with Case Tracking System	100%	0%	100%	0%	0%	100%	100%
<u>JUDICIAL BRANCH</u>								
9.	Design and use of operational manuals for application of new Criminal Procedures Code (*)	100%	20%	30%	0%	N.A.	N.A.	N.A.
10.	Number of judges trained in academic courses	600	90	635	0	229	774	129%
11.	Financial and personnel systems designed and implemented	100%	0	100%	0	0	100%	100%
<u>NATIONAL POLICE</u>								
12.	Design and use of operational manuals for application of new Criminal Procedures Code (*)	100%	20%	30%	0%	N.A.	N.A.	N.A.
13.	National Registry of Detainees established	100%	10%	100%	0%	20%	100%	100%

(*) The application of the CPC was postponed to 1995.
(**) This office was deactivated in January 1994.

IV.C. Overall Status and Other Accomplishments

USAID's leadership and support in this sector is unsurpassed within the donor community. The Project has contributed significantly to setting the groundwork and facilitating the judicial reform process now underway in Peru. The impact of the Project's major achievements to date are as follows: 1) the establishment of 31 Legal Aid Offices in the country has increased access to the judicial system by the citizenry; 2) the establishment of two training institutions, one each for judges and prosecutors, has facilitated the training of 1,375 prosecutors and 774 judges; 3) the implementation of pilot courses for the new, consolidated Judicial Academy, has contributed to increased professionalism in the judicial sector; 4) the design of pilot projects for automated case tracking systems for judges and prosecutors, and its application in all 47 prosecutors' offices, has helped the Public Ministry (containing the Attorney General's Office) manage its case loads in a more efficient manner; 5) the establishment of a National Registry of Detainees (through a Cooperative Agreement with ILANUD), has helped the Public Ministry better defend the rights of the detained and reduce significantly the number of "disappearances;" 6) the reorganization and streamlining of the Public Ministry included the technical evaluation of all personnel in the Public Ministry for the first time; 7) the design and implementation of the newly mandated Office of the Court Administrator in the Judicial Branch has paved the way to improved administration of this branch of the GOP; 8) the development of a three-day conference on "Judicial Reform and the New Constitution" sponsored in July 1992 resulted in a number of reform recommendations that were incorporated into the judiciary articles of the 1993 Constitution (which in turn led to the creation of the Judicial Council, the Judicial Academy, and the Ombudsman Office), and 9) the completion of a number of specialized studies, including a major Judicial Baseline study conducted in 1992.

The NRD opened its first regional office to public access in the city of Tarapoto. This test case will be replicated in other cities. This office transmits information regarding persons detained under suspicion of terrorism and crimes against national security throughout the country through a computer connected with the Registry in the Public Ministry based in Lima.

A no-cost, six-month extension of the PACD (from June 30 to December 31, 1994) was approved in order to proceed with important on-going Project activities, closeout certain Project activities in an orderly fashion, and provide continuity with the JUST Project, which was obligated in September 1994.

Women in Development: Fully 70 percent of the public prosecutors in Lima in the Public Ministry are women -- many who have been trained under the Project. The Public Ministry is head by the Attorney General, the highest-ranking woman in the GOP at the present time. Also, the Vice Minister of Justice is a woman. There is also a woman in the current Supreme Court.

IV.D. Problems and Delays

A \$765,000 mini-project financed with ESF PD&S funds to support some activities started under AOJ was not approved by USAID/W due to the perception of the GOP's lack of political will with regards to judicial autonomy, the judicial reform process, and respect for basic human rights in Peru. It was eventually decided that any additional justice sector related activities would be consolidated under the new Justice Sector Support Project.

During the previous SAR period, the Project had considered recruiting a Peruvian to act as a full-time advisor, contracted with AOJ Project funds to execute the next phase of the NRD activity, to simplify the managerial aspects. However further research into this issue revealed the impracticality of this option, as USAID is prohibited from providing direct assistance to the Police, which is part of the CA signed with ILANUD.

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

As the Project ends on December 31, 1994, to date almost all activities have ended, and USAID project staff are closing out the Project, completing the Lessons Learned update, and implementing the recently signed Justice Sector Support (JUST) Project (US\$1.6 M). Under the JUST project the major activities planned during the next six months include:

- 1) the expansion of the operational capability of the National Registry of Detainees through the opening of at least four more regional offices;
- 2) a set of activities to promote new legislation required to implement the new Ombudsman's Office;
- 3) the development of a legal defense program with local NGO's through Catholic Relief Services (CRS);
- 4) the provision of technical assistance to the CCD to promote the implementation of the new Criminal Procedures Code; and
- 5) the passing of the law establishing the Judicial Council which will be in charge of selecting and nominating judges and prosecutors once the Honor Jury, which was temporarily in charge of the selection of judges for the Lima Court, finishes its work.

IV. PROJECT STATUS

During the reporting period, innovative four short-term training programs targeted by Mission for 71 non-traditional leaders 31 women and 40 men on administration of justice, private sector/small enterprise development, grassroots women leadership, environment and municipal development. Conceptualization of the training implementation plans for each program was focused on current USAID strategic priorities for democracy, small enterprise and economic growth.

The four tailor-made programs approved by Mission promoted the enhancement of managerial and leadership skills within the context of today's economic environment.

A technical Selection Committee conformed by USAID and Partners was actively involved in the selection of the 60 leaders, 36 males (58%) and 26 females (42%) to attend each one of these programs. Women selected performed authority positions as hospital directors, judges and legal prosecutors, executive directors of provincial chambers of commerce, small entrepreneurial federations, and environmental organizations. Leadership, geographical diversity and gender were key criteria for their selection through technical panels formed by USAID and Partners.

Ten academic participants, 5 males and 5 females, selected to attend two-years Masters degree programs in the U.S., were successfully placed in programs on public administration, economics and education. Participants' sponsoring institutions included among others the Peruvian Catholic University, the Central Reserve Bank, SUNAT and prestigious NGOs.

One of PPSP's major developmental steps has been the expansion and reorientation of the recruitment efforts in order to secure women participation. This objective was successfully accomplished through the training program targeted for low-income women in leadership positions in their grassroots organizations in both rural and coastal areas. The 40% yearly target was accomplished.

The strengthening of the National Alumni Association (ABEUSA) has been successfully accomplished and 250 returned participants were enrolled. Seven provincial associations were founded in: La Libertad, Lambayeque, Piura, San Martín, Cusco, Arequipa, and Tacna. Nine follow-on seminars and workshops strengthened their internal functioning and integration with ABEUSA-Nacional.

By late July, Partners Lima submitted for USAID's approval its proposal for FY 95 academic training programs, and approval was granted for a total of eight Masters degree programs on economics, public administration, environmental policy and resource management.

USAID/Peru and Partners analyzed the training priorities to be supported through the FY 95 training agenda. The first two programs will be focused on municipal administration and mass-media communications, print-media, both of them consistent with the current Mission's priorities on democracy development.

A. EOPS

Planned EOPS

1. By the end of September 1997, 302 recipients of training in the U.S. and in the key developmental sectors identified in the Mission's SIF and its revised Strategic Objectives.

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

3. 40% of trainees should be women.

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

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

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

Progress to Date

1. 101 participants departed for training:
- 91, 61 men and 30 women, attended short-term, tailor made programs of eight week duration on: hospital administration, administration of justice, municipal development, grassroots leadership, business and environment.
- 10, 5 men and 5 women attended academic programs during FY-94. 35 of total participants were females.

2. Approximately 65% of the participants selected have qualified as socially and economically disadvantaged.

3. Out of the 101 participants selected, 35 or 35% were females.

4. N/A. Long technical training was substituted for short-term training.

5. Two regional conventions for Central and Amazonic Departments and nine workshops, seminars and conferences were held in Lima and provinces. Small community projects were also funded.

6. Fifteen Businessmen attended a two-month program at the HBCU - Mississippi Consortium for International Development Institute thus exceeding the 10% participant per month annual requirement.

46

B. Major Outputs

	<u>Planned</u>					<u>Accomplished</u>			
	LOP	Period	Women	Cum.	Next Period	Period	Women	Cum.	% of LOP
1. Short-term technical	240	61	121	91	75	61	26	91	32%
2. Long-term technical	44	22 ^{a/}	--	22	--	--	--	--	29%
3. Academic Training	18	10	5	10	8	10	5	10	55%
4. Total participants	302	93	126	123	83	71	31	101	--

^{a/} Program of 22 participants was reprogrammed to provide short-term training to 15 in municipal development.

C. Overall Status and Other Accomplishments

Through the implementation of the FY 94 training activities USAID decided to promote leadership training for sectors with limited access to these training opportunities. Our interest was to promote through these programs dialogue opportunities between legal prosecutors and judges working in Lima and provinces, leaders from both public and private sector working on environmental programs and women leaders from socially and economically disadvantaged sectors, among others. The training agenda was accomplished as planned, except for the long-term technical training program that was reprogrammed into a short-term one.

USAID evaluated the preliminary information submitted by Partners for the FY 95 remaining short-term program. Our objective is to respond effectively to the specialized training skills required for Peruvian development.

As of September 30, 1994, from the six groups trained in FY 94, two groups (women leaders and provincial mayors) expressed full satisfaction with the entire training program. The remaining four groups (hospital directors, judges/prosecutors, businessmen, environmentalists) expressed divergent levels of satisfaction with the technical training aspects of their programs. Evaluations carried out by Aguirre International and USAID provided key insight about the PPSP's scholars perceptions about both the technical and observational/Experience America aspects of their programs.

The follow-on program was designed to promote national integration of returned participants and to help them apply the leadership and technical skills they acquired in the U.S. The long-term objective is to consolidate the integration of all USAID-returned participants from both CLASP and other USAID technical training programs.

In compliance with the CLASP requirements to target 10% of training programs for HBCUs, USAID concurred with Partners' recommendation to select the Mississippi Consortium for International Development, a prestigious HBCU, as the training provider for the training program targeted to private sector development leaders.

D. Problems and Delays

The following problems were identified:

a) The FY 94 long-term, nine-month tailor-made program on municipal development was converted into an eight-week tailor made program targeted for technical officers of provincial municipalities nationwide. The limited number of qualified candidates, combined with high cost factors and the results of technical assessments done by USAID's technical officers and consultations with Mission's senior management, resulted in this programmatic change.

b) In some of the FY 94 training programs, the scope and content of the technical training provided was not at the level of professionals targeted for training. Each PPSP's training program has a diversity of components, such as leadership training, ELT sessions, orientation/re-entry sessions, etc. with the objective to familiarize participants with the U.S. culture. However, these complementary activities have taken significant time from the technical training agenda. Corrective measures need to be integrated into future programs.

c) In August 1994, Partners/Washington submitted a request for a budget increase of approximately \$1,440,431. USAID's impossibility to accept this budget increase was conveyed to Partners. A revised budget in the amount of \$533,000 was submitted by Partners for Mission's review; out of this total, \$311,000 correspond to indirect cost rates as approved by USAID/W.

d) Mission's programmatic objectives conveyed through the Training Implementation Plans approved for each program were not successfully addressed by some of the training providers. In some cases, there has not been an understanding of the background and professional qualifications/profiles of the PPSP participants.

e) The PPSP has its roots in the Cold War and its multiple objectives limit the impact of needed technical training and generates difficulty in selecting groups consistent with the Mission's current strategic objectives.

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

1. Final approval of the three remaining FY 95 short-term programs and eight academic participants will be accomplished. Sub-contractor LASPAU Project Director will visit Peru in early November to conduct the candidate interviews and final selection.
2. Aguirre International recommended that the mid-term evaluation originally planned for September 1994, be postponed until April 15, 1995. By extending the time of this evaluation, the Mission will have the opportunity to have a more complete overview of the project's impact in the regions and across the different programs.
3. Partners will submit their proposal for the budget amendment and options. The FY 95 operational plan and FY 95 follow-on strategy will be submitted for USAID approval.
4. An awards Ceremony will be held in November to honor 158 USAID returned participants.
5. Approximately twelve follow-on workshops and seminars will be implemented in Lima and the provinces.

M:\odittsdd\vf\sar1

IA. BACKGROUND DATA

Project Title: Narcotics Education and Community Initiatives (NECI)
 Project Number: 527-0347
 Date of Authorization: original 09/29/92 last amendment on 09/22/94
 Date of Obligation: original 09/30/92 last amendment on 09/28/94
 PACD: original 09/29/97
 Implementing Agencies: Center for Information and Education on Drug Abuse Prevention-
 CEDRO
 Major Contractors: none
 AID Project Officer: Alfredo Larrabure
 Status of Cps/Covenants: All Substantial Involvement Understandings under Cooperative
 Agreement are on track.
 Date of Last Evaluation: None. Next Evaluation: October 1994
 Planned Number of Non-Federal Audits during Fiscal Year: one
 The Number of such Audits Contracted for/Completed: two
 Date of Last Audit: 12/31/93 Next Audit: 12/31/94
 Date of Latest Action Plan Approved: 11/02/93 for the period October 1993- December 1994.
 Expected Approval Date of Next Action Plan: 12/16/94 for the period January thru December
 1995.

IB. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original	\$8,800,000	amended	\$9,260,000
Amount Obligated: DA/ESF Grant: original	\$3,800,000	cumulative	\$6,760,000
Amount Committed: Period:			
Cumulative:	\$5,060,090		
Accrued Expenditures:			
Period - Projected:	\$1,150,000		
Period - Actual:	\$1,230,842		
Cumulative:	\$4,462,069		
Period - Next:	\$1,032,500		
Outstanding Advances:	\$ 400,565		
Counterpart Contribution:			
Planned:	\$3,125,000 (in kind)		
Actual:	\$ 2,800,000	(as latest	
		counterpart report of 7/31/94)	
‡ LOP Elapsed:	38.5		
‡ of Total Auth. Oblig.	66.0		
‡ of Total Oblig. Exp.	48.0		
‡ of Total Auth. Exp.	48.2		

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project supports Strategic Objective (SO) No. 1: Strengthened democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituents. This activity contributes to the strategic objective by increasing strong public response that leads to anti-drug newspaper editorials, publications, radio announcements, television presentations and conferences. By raising public awareness on the adverse effects of drugs, the Project contributes to the fight against corruption, a principal factor hindering Peru's democratic development. The Project also supports SOs No. 2: "Broader-based, Sustainable Economic Growth" through the increase in the number of community-level conceived and implemented drug prevention programs in conjunction with the promotion of alternative development in coca-growing areas, and No. 3: "Improved health of high-risk populations through access to and use of quality, sustainable primary health care" as drug prevention efforts also reinforce societal attitudes and behavior toward promoting good health.

Percent of LOP Funds Relating to Strategic Objectives:

N° 1	70
N° 2	25
N° 3	5

IIB. PROJECT PURPOSE

To stimulate a national awareness leading to activities that counteract drug production, trafficking and abuse.

III. PROJECT DESCRIPTION

The primary focus of the Project is to stimulate nationwide awareness of the country's drug and drug-related problems. To achieve this, the Project has strengthened CEDRO in order that it become a private, non-partisan, financially self-sustainable drug information and education center that is well-respected throughout the country. After the PACD, CEDRO will continue to be the primary national authority in developing and promoting drug prevention campaigns in Peru and in promoting greater drug awareness throughout the country. A secondary focus is three-fold: 1) the expansion of the recently-developed drug prevention curriculum in high schools; 2) the development of locally-designed prevention programs in high risk communities --including those adjacent to coca-growing areas; and 3) the consolidation of the Street Children Program.

IV. PROJECT STATUS

The NECI Project continues to be on track in motivating the public sector to counteract illicit drug production and use. In this regard, several important events have taken place:

- With inputs provided by CEDRO, the Government of Peru (GOP) developed and approved the National Drug Control and Prevention Plan which establishes policies to counteract drugs on ever-front.

- The Judicial Branch, with financial support from IBM and the NECI Project, established on April 14 the Computerized Registry of Youth and Children (including the Street Children Program

which permits judges and the public in general to track cases brought before the Judicial Courts for Youth.

- For the first time, the Ministry of Education (MOE) in its 1994 National Educational Plan provides special consideration for the expansion of the Drug Prevention Program in high schools. This activity has been implemented since the beginning of the NECI Project. The proportion of teachers trained is approximately: 60% male, 40% female; however, at the student level the proportion is approximately: 50% male and 50% female.

The mobilization of opinion leaders produced positive results: CEDRO reached 214 opinion leaders as compared to 207 opinion leaders during a similar period in the previous year. This does not include USG representatives such as members of the U.S. Congress, USAID/W, UNDCP, etc. As a consequence of this effort, a law was passed by the Peruvian Congress providing sanctions from 5 to 9 years of prison for those who cultivate the Papaver somniferum ("poppy") as opposed to no sanctions previously. In its letter of intent to the IMF, Peru stated that its national budget to fight drugs will be increased by a percentage greater than the rate of increase of its Gross Domestic Product. Also, at the U.N. office in Austria, Peru, Bolivia, Argentina and Chile a letter of understanding was signed with the purpose of providing each country mutual cooperation for drug prevention, alternative development and other counternarcotics efforts.

In May, CEDRO participated actively in the Andean Parliament international workshop held in La Paz, Bolivia, on the problem of money laundering and capital legitimization arising from drugs. Per CEDRO's suggestion, the Parliament will prepare a draft law to sanction this activity.

On July 24-25, CEDRO held its VI International Workshop entitled Drugs, Violence and Environment which gathered specialists from the U.S., Mexico, Venezuela, Colombia, Ecuador, Bolivia and Peru. Around 200 persons attended the event. Of these, 56% were women and 44% men.

On September 29, 1994 USAID contracted with Development Associates, Inc. (DA), the first in-depth external evaluation of the NECI Project. The purpose of the evaluation is to assess the extent to which the NECI Project, through CEDRO, is achieving intended objectives, and to assess the cost effectiveness of CEDRO's activities and ascertain if those activities contribute towards achievement of the Project's objectives.

A. EOPS

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	Twelve newspaper editorials per month.	An average of four editorials per month were printed. In addition, 11 opinion articles per week were published in newspapers and magazines.
2.	Ten non-CEDRO publications per month.	An average of three publications per month were printed.
3.	Ten non-CEDRO TV/radio presentations per week.	An average of fifty six presentations per week were broadcast.
4.	Twenty three public sector activities organized per year.	Fifteen activities were carried out in the last semester.
5.	One hundred community-level conceived and implemented drug prevention programs.	Thirty seven programs were developed in the first two years.
6.	75% of the population recognizes drugs as one of the major national problems.	Per CEDRO's July 1994 figures, 43.5 % of the population recognizes drugs as one of the major problems.

B. Major Outputs

	<u>Planned</u>				<u>Accomplished</u>		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Non-A.I.D. funds raised for self-sufficiency (\$000) *	1000	70	390	70	80	400	40%
2. Number of high schools with drug prevention curricula adopted **	4,300	300	711	450	298	709	17 %
3. Surveys conducted	13	1.5	4.5	1.5	2	5	38%
4. Yearly radio/TV campaigns	5	1	2	0	1	2	40%
5. Support 500 community-based institutions to implement drug prevention activities	500	60	200	60	55	195	39%
6. Maintain five Street Children Centers as models for nation.	5	5	5	5	5	5	100%

Notes:

* CEDRO started the NECI Project with an endowment fund of \$150,000 generated under the previous USAID-funded DEPA Project.

** The number of schools reported correspond to those with a relatively high number of students. The numbers of school teachers and students trained are within expected targets.

57

C. Overall Status and Other Accomplishments

CEDRO's reports, certified by local evaluators, reflect that the institution is meeting the objectives of the NECI Project. Increased willingness and participation of the GOP fighting drugs on almost every front can be evidenced. The GOP has not only developed for the first time a National Drug Control and Prevention Plan, but it is also defraying a relatively large amount of resources to diminish drug production and trafficking. The level of awareness of Peruvians on the adverse effects of drugs has risen, from a less than 2% of Peruvians that in 1985 considered drugs as a major problem to a 43.5% in July 1994. Although the Project has recently completed its second year of implementation other important accomplishments are:

- With the continuous support of the Ministry of Education (MOE) and CEDRO's management, 709 highschools have incorporated the drug prevention program in their curricula. Consequently 29,306 teachers and 626,306 students have been trained. This represents 36.8% of the student population which has been reached with drug prevention efforts and 81% of the teachers who have been trained have incorporated drug prevention strategies into their classes.
- Over the reporting period CEDRO has distributed 92,057 printed materials on drug information (magazines, books, posters, bulletins, etc.) to continue raising awareness on drug and drug-related problems.
- For the same purpose as above CEDRO has trained 1,276 social promoters.
- Spots on drug prevention were transmitted 743 times by three TV stations in Lima and two in the provinces in the last six months thus far surpassing the goal of 500 broadcasts per year.
- During the reporting period CEDRO has been able to raise from third donors important resources to finance program activities (i.e. \$106,027 for Street Children) and \$61,009 to increase CEDRO's endowment fund.

D. Problems and Delays

Although CEDRO is accumulating the level of planned financial resources for its endowment fund, as stated in the Project's Log Frame, and with the exception of the Street Children Program, unless CEDRO obtains third-donor participation in its core costs, the institution will not be entirely financially sustainable beyond the current PACD. The 1994 evaluation shall assess this issue.

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

1. Submission of CEDRO's Action Plan for CY 1995 should occur in mid-November 1994, and approval and corresponding funding commitment should take place before 11/30/94.
2. Mission should receive the first external Project evaluation report of NECI, and CEDRO has begun the implementation of the principal recommendations.
3. As a result of CEDRO is exceeding the level of some project outputs, the Project's Logical Framework Program Outputs will be revised.
4. CEDRO's 1994 combined studies on public opinion and the epidemiological survey should be available early next year.
5. Obligation of the last tranche of \$2.5 million needs to take place, otherwise CEDRO run out of money before the end of FY 95.

(M:\ODIT\DD\CEDRO\SAR)

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B C

IA. BACKGROUND DATA

Project Title: Private Sector Institutional Reform
Project Number: 598-0772
Date of Authorization: original 03/01/89 amendment 06/22/90; 04/18/91
Date of Obligation: original 03/02/89; last amendment 6/13/94
PACD: original 02/28/94 amendment 02/28/95
Implementing Agencies: Institute for Liberty and Democracy (ILD)
Major Contractors: None
AID Project Officer/Manager: Alfredo Larrabure/Cesar Fonseca
Status of CPs/Covenants: CPs: satisfied Covenants: on track
Date of Last Evaluation: 03/31/92 Next Evaluation: 1/15/95
Planned Number of Non-Federal Audits during Fiscal Year: 1
The Number of such Audits Contracted for/Completed: 4
Date of Last Audit: 12/31/93 Next Audit: 12/31/94
Date of Latest Action Plan Approval: March 1994

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$10,000,000	amended to \$11,288,543
Amount Obligated:	DA/ESF Grant: original	\$ 1,800,000	amended to \$10,825,192
Amount Committed:	Period:	\$ 1,150,000	
	Cumulative:	\$10,705,095	
Accrued Expenditures:	Period - Projected:	\$ 900,000	
	Period - Actual:	\$ 877,811	
	Cumulative:	\$10,257,607	
	Period - Next:	\$ 800,000	
Counterpart			
Contribution:	Planned:	\$ 8,830,000	(LOP)
(Other Donors)	Actual:	\$ 3,645,000	(cash/in kind)
% LOP Elapsed:		92.90	
% of Total Auth. Oblig.		95.90	
% of Total Oblig. Exp.		94.76	
% of Total Auth. Exp.		90.87	

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This project supports Strategic Objective No. 1: Strengthened democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituencies. This activity has contributed significantly to the objective by supporting and advocating deregulation of the economy, simplification of administrative procedures and introduction of transparent criteria and methodologies in the decision-making processes of regional governments.

It also supports Strategic Objective No. 2: "Broader-based, Sustainable Economic Growth" by supporting the formalization of land ownership and thus increasing the price value of land in rural and peripheral urban areas.

Percent of LOP Funds Relating to Strategic Objectives: SO 1 : 60
SO 2 : 40

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

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

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

IV. PROJECT STATUS

ILD's activities continued in its two major research programs: Democratic Institutions and Development and Property Rights. In the Democratic Institutions program, ILD staff continued the development of its project "Citizen Participation in the Drafting of the Constitution" to encourage Government officials to listen and broaden participation of Peruvians across economic and social spectra. To this end, ILD submitted to the Peruvian Congress (CCD) the first popular initiative in the history of Peru entitled "So that the Government Will Listen and that the Market Economy Not Remain the Privilege of a Few". This initiative is composed of seven constitutional proposals aimed at establishing a system of citizen participation to discuss issues such as decentralization, the need for a multiple electoral system to elect congressional representatives, upcoming referenda, revocation of power, public decision-

making prior to the enactment of new norms, and access to information on government decisions. This initiative was supported by 1,440 grassroots organizations and received the written support of 500,000 citizens who requested that this initiative be put to vote in a referendum. ILD presented this initiative on April 5, 1994 which is pending Congressional action.

Through its Property Rights Program, the ILD devoted all efforts to further refining the PROFORM methodology and to present "PROFORM" to different international groups for discussion and feedback. PROFORM is a complete set of processes, services and know how that covers all aspects regarding the creation and documentation of property.

A. EOPS

Planned EOPS

Progress To Date

1. Policy changes and reforms proposed/introduced in Peru, especially in those sectors where the informal sector plays a large role.
ILD, with the support of more than 1,440 grassroots organizations from all over Peru and presented to Congress its "Popular Initiative Proposal" with 500,000 signatures intended to modify the new Constitution by proposing that Congress set up new reforms such as referendum, the revocation of power, the multiple electoral system for election of congressmen and the prepublishing and discussion of draft laws.
2. Research findings and proposed policy changes will be widely known in Peru to engender broad public support for the structural reforms.
The ILD Popular Initiative Campaign engendered broad popular support and prompted the Peruvian Congress to pass the Law of Rights for Citizen Control and Participation (May 3, 1994) which establishes procedures to implement mechanisms such as popular initiative, referenda, and revocation of power. Also, the Municipality of Lima approved an ordinance on August 30, 1994, applicable to all districts in Lima, which formalized the participation of citizens in municipal decision-making through popular participation, referenda, ability to remove officials and public hearings.
3. Institutional reform proposals also will be disseminated throughout Latin America and the Caribbean and worldwide, if interest is demonstrated and resources permit.
The Multilateral Investment Guarantee Fund (Inter-American Development Bank) has expressed special interest in financing the application of the ILD Property Rights Program in several countries in South America including Bolivia, Ecuador, and Paraguay. ILD's acceptance to carry out these programs will depend on its capacity to prepare and train a sufficient number of professionals required to perform those tasks.
4. ILD will be institutionally strengthened and will attain sustainability.
The ILD's inability to meet counterpart fund targets has been carefully reviewed by Mission staff. Future prospects for ILD's financial sustainability may improve once ILD develops the technical capacity to provide international assistance in the area of property rights.

B. Major Outputs

1. Democratic Institutions

The level of citizen participation has generated positive results that contribute to the strengthening of democracy and development of democratic governance in Peru:

- * The project has demonstrated that there is an important role for citizens to play in the reforms of the Peruvian political system.
- * The participation of 1,440 grassroots organizations and 500,000 citizens in the design and support of this participatory initiative demonstrate that the ILD proposals are widely supported throughout the country.
- * ILD's initiative has set the tone for dialogue between NGOs and the Executive and Legislative branches on constitutional reform.
- * The ILD has been invited by different national and international organizations to present and discuss its proposal.

2. Property Rights (PR)

- * The further refinement of PROFORM's methodology has allowed a better diffusion of the system internationally -- it has received recognition from international financial organizations, private businesses, mapping companies, international consultants, and the academic community.
- * Research on the economic impact of PROFORM in rural and urban "formalized" areas, as compared with informal areas, has provided ILD with important results:
 - * production on formalized land increased by 58% compared to production on informal land.
 - * "formalized" farmers doubled their income compared to informal farmers.

- * 25% of "formalized" peasants obtained credit in the banking system and an additional 10% of "formalized farmers" have submitted requests for credits.
- * 70% of "formalized" peasants obtained credit from other sources.
- * the value of urban property increased 100% by the issuance of the registration certificate.
- * 18 financial institutions provided credit guaranteed by 639 mortgages.

* PROFORM has been recognized by Congress and the Minister of Justice for its efficiency and benefits to Peruvian citizens.

C. Overall Status and other Accomplishments

ILD's most important accomplishments to date are:

- ILD has developed a system for formalizing informal property on a massive scale, many times faster, and at a fraction of the cost of any other system in the world. As a result of this USAID-financed land titling system, ILD was able to formalize 200,000 properties (154,000 in Peru and 40,000 in El Salvador) resulting in significant increases in production, income, asset values, and access to credit.
- ILD has devised the most successful system to date for incorporating micro enterprises into the formal market. Over 260,000 Peruvian firms have benefitted from this deregulation and fast-track system with an indirect increase in the Peruvian tax base.
- ILD's direct consultations helped persuade President Fujimori to hold new elections and write a new constitution after he dissolved the nation's legislature and seized all power on April 5, 1992. The new constitution, approved on November 22, 1993, embodies democratic principles of government ILD developed while working under this Cooperative Agreement.
- Furthered policies to benefit both Peru and the United States. These efforts included arranging meetings between then President-elect Fujimori and the heads of the IMF, World Bank, IDB and the UN which resulted in the President's commitment to the economic plan that eventually tamed Peru's hyperinflation and stabilized the economy.
- ILD pioneered the concept of "Citizen Participation" in Peru. ILD presented a proposal to regulate citizen participation under the new Constitution and its wide mass media coverage laid the groundwork for other NGOs to start researching in this area.

This report period include ILD's participation in the following international events:

*The ILD Annual International Conference entitled "Property Rights and Development" took place on April 12, 1994 in Washington D.C. The conference was attended by high level U.S. Government officials, representatives of multilateral financial organizations and prospective donors. The USAID Administrator, Mr. Brian Atwood, and the Vice-President of Bolivia were the keynote speakers at the Conference.

* Additionally, ILD participated in 13 important national and international conferences including the following:

- At the request of the President of the World Bank, ILD presented the outreach of the PROFORM system to senior officers on June 15, 1994.
- ILD staff presented its experience in land titling in Latin America and the benefits of PROFORM to USAID/W's Bureau of Europe and the Newly Independent States, on June 14, 1994.
- ILD's President, Hernando de Soto, made a presentation on privatization processes to the Political Economy Research Center in the state of Montana on June 2-4, 1994.

* In addition to ILD participation in international conferences, the magazine FORBES, in its May 24, 1994 edition, published an article entitled "The Next Path" which highlights the Institute's research in property formalization.

* USAID/Peru signed a separate grant with ILD in the amount of \$354,000 to finance economic research studies on the impact of ILD activities in property rights and in business formalization and to provide technical assistance to grassroots organizations for land titling activities from October 1994 - July 1995.

D. Problems and Delays

1. The last tranche of funds, estimated at \$463,000 for project requirements and close-out activities, is pending USAID/W approval. Given the likelihood of reduced DA funding levels pending approval of USAID/W's OYB, ILD may be required to close out activities earlier than the PACD (February 28, 1995).

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

1. Preparation for the final evaluation will take place starting November 1994. The drafting of the scope of work and close monitoring of ILD research and pilot activities will be the major undertakings during the pre-evaluation phase.
2. USAID will continue to work with ILD towards its self-sustainability. A major agreement with the Government of Bolivia is underway to implement the administrative simplification program in Bolivia and the formalization of property program in Santa Cruz. The project is expected to be financed by the Multilateral Investment Guarantee Fund (Inter-American Development Bank).

I.A. BACKGROUND DATA

Project Title: Justice Sector Support (JUST)
Project Number: 527-0352
Date of Authorization: original 09/27/94
Date of Obligation: original 09/29/94
FACD: original 09/30/96
Implementing Agencies: CRS, ACJ, OPDAT, ILANUD.
Major Contractors: None
AID Project Officer/Manager: Edith Houston/Ana Sanchez
Status of CPs/Covenants: N/A
Date of Last Evaluation: N/A Next Evaluation: 10/95
Planned No. of Non-Federal audits during Fiscal Year: 0
Number of such audits contracted/completed: 0
Date of Last Audit: N/A Next Audit:
Date of Latest Action Plan Approval:

I.B. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	original	\$1,600,000
Amount Obligated:	DA/ESF Grant:	original	\$1,600,000
Amount Committed:	Period:		\$ 0
	Cumulative:		\$ 0
Accrued Expenditures:	Period - Projected:		\$ 0
	Period - Actual:		\$ 0
	Cumulative:		\$ 0
	Period - Next:		\$ 6,350
	Outstanding advance:		\$ 0
Counterpart Contribution:	Planned:		N/A
	Actual:		N/A
% LOP Elapsed:			0
% of Total Auth. Oblig.			0
% of Total Oblig. Exp.			0
% of Total Auth. Exp.			0

II.A. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project supports Strategic Objective No. 1: Strengthened democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituents. This activity is implemented through Catholic Relief Services (CRS) and Andean Commission of Jurists (ACJ), Office of Professional Development and Training (OPDAT) and United Nations Latin American Institute for the Prevention of Crime and the Treatment of Offenders (ILANUD)

Percent of LOP Funds Relating to Strategic Objectives: 100

II.B. PROJECT PURPOSE

To promote the protection of basic human rights and the rights of the accused within internationally accepted standards of due process of law.

III. PROJECT DESCRIPTION

The Project has four components: a) Human Rights and legal defense support, b) explanation of the National Registry of Detainees, c) establishment of the Ombudsman Office, and d) promotion to the implementation of the new Criminal Procedural Code.

IV. PROJECT STATUS

USAID/Lima signed Cooperative Agreement with: 1) CRS on September 30, 1994, to support Human Rights activities; 2) ILANUD on September 29, 1994, to develop the National Registry of Detainees; 3) ACJ on September 29, 1994, to implement the Ombudsman Office; and 4) OPDAT to give technical assistance to the CCD special commission for the new Criminal Procedural Code.

IA. BACKGROUND DATA

Project Title: Participatory Democracy
 Project Number: 527-0356
 Date of Authorization: original 09/27/94 amendment
 Date of Obligation: original 09/29/94; amendment
 PACD: original 09/30/99 amendment
 Implementing Agencies: Group for Analysis for Development (GRADE)
 International Foundation for Electoral Systems (IFES)
 Major Contractors: None
 AID Project Officer/Manager: Alfredo Larrabure/Cesar Fonseca
 Status of CPs/Covenants: CPs: satisfied Covenants: N/A
 Date of Last Evaluation: Next Evaluation: 6/96
 Planned Number of Non-Federal Audits during Fiscal Year: 1
 Number of such Audits Contracted/Completed: 0
 Date of Last Audit: Next Audit: 12/31/95
 Date of Latest Action Plan Approval:

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	original	\$10,000,000
Amount Obligated:	DA/ESF Grant:	original	\$ 4,400,000
Amount Committed:	Period:		\$ 0
	Cumulative:		\$ 0
Accrued Expenditures:	Period - Projected:		\$ 0
	Period - Actual:		\$ 0
	Cumulative:		\$ 0
	Period - Next:		\$ 0

Counterpart			
Contribution:	Planned:		N/A
(Other Donors)	Actual:		N/A

% LOP Elapsed:	<u>00.00</u>
% of Total Auth. Oblig.	<u>44.00</u>
% of Total Oblig. Exp.	<u>00.00</u>
% of Total Auth. Exp.	<u>00.00</u>

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This project supports Strategic Objective No.1: Strengthened democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituencies.

Percent of LOP Funds Relating to Strategic Objectives: 100

IIB. PROJECT PURPOSE

The purpose of this project is to strengthen democratic systems of governance that empower both Peru's citizenry to express its needs and its government to effectively respond to them.

III. PROJECT DESCRIPTION

The Project has three components: Civic Awareness (Phases One and Two); Public Accountability; and Electoral Systems. The results anticipated include an electoral system that works and is seen as working; a Congress that goes about its business openly, and is considered responsive by the populace; government operations and disbursements subject to the "sunshine treatment" and expanding NGO community increasingly effective at marshalling public opinion around political issues; more competent and trustworthy media; democracy-related topics introduced throughout the education system; more functional and effective political parties and an amelioration of military attitudes and military-civil relations.

IV. PROJECT STATUS

USAID/Lima signed Cooperative Agreements with: 1) GRADE on September 29, 1994, to support civic awareness activities; 2) IFES on September 29, 1994, to implement a multi-faceted program of elections assistance with both an immediate and long-term impact in the electoral system in Peru.

A. EQPS

<u>Planned EQPS</u>	<u>Progress to date</u>
1. Democratic Values disseminated.	To early to report.
2. Local NGOs ability to represent needs of the population to the government enhanced.	To early to report.
3. Congressional visibility and dialogue with electorate increased.	To early to report.
4. A more technically competent, independent, and constructive media capable of channeling information between diversity of interest groups and the government.	To early to report.

- | | |
|--|---------------------|
| 5. More professional and responsive political parties. | To early to report. |
| 6. Civilian-military dialogue enhanced. | To early to report. |
| 7. Oversight of government resources use strengthened. | To early to report. |
| 8. Efficiency of electoral system increased. | |

B. Major Outputs

Baseline will be determined during next period after submission and evaluation of grantee work plans.

C. Other Accomplishments and Overall Status

N/A

D. Problems and Delays

None

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

1. IFES and GRADE will set up project offices during the first months of the agreements.
2. Letters of Involvement will be prepared to recognize key officers.
3. Annual work plans will be approved.
4. Financial and administrative procedures will be reviewed and implemented.

M:\ODITDIDD\PARDEMSAR.94

IA. BACKGROUND DATA

Project Title: Local Government Development
Project Number: 527-0371
Date of Authorization: original 09/27/94 amendments
Date of Obligation: original 09/30/94 amendments
PACD: original 09/30/99 amendments
Implementing Agencies: Instituto Nacional de Desarrollo (INADE)
Major Contractors: N/A
AID Project Officer/Manager: Merritt P. Broady/Esau Hidalgo
Status of CPs/Covenants: Met
Date of Last Evaluation: None Final Evaluation: N/A
Planned Number of Non-Federal Audits during Fiscal Year: 1
The Number of such Audits Contracted for/Completed: None
Date of Last Audit: N/A Next Audit: N/A

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	\$5,000,000
Amount Obligated:	DA/ESF Grant:	\$5,000,000
Amount Committed:	Period: N/A	\$0
	Cumulative:	\$0
Accrued Expenditures:	Period - Projected:	\$0
	Period - Actual:	\$0
	Cumulative:	\$0
	Period-Next:	\$605,000
Outstanding Advances:		\$0
Counterpart		
Contribution	Planned:	\$5,000,000
	Actual:	\$0
% LOP Elapsed:		0
% of Total Auth. Oblig.		100
% of Total Oblig. Exp.		0
% of Total Auth. Exp.		0

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This Project supports Strategic Objective No. 1: Strengthened democratic institutions that promote participation, sustain individual rights and freedoms, and are transparent and responsive to their constituencies.

Percent of LOP Funds Relating to Strategic Objective No. 1: 100

IIB. PROJECT PURPOSE

The purpose is to strengthen the institutional capability of local governments and develop effective participatory mechanisms that promote sustainable democracy at the local and national level and improve quality of life of their citizenry.

III. PROJECT DESCRIPTION

The Local Government Development Project will be implemented during a period of five years, starting on September 30, 1994 and ending on September 30, 1999. The GOP has assigned coordination and monitoring responsibility to INADE, a public institution within the Ministry of the Presidency. INADE has a long track record in working in the development aspects of counternarcotics and local governance programs in Peru. INADE's key role is to promote the implementation of social development programs and support activities that create jobs for the poorest segments of Peru's population. It has authority to seek funds, both from public and private organizations, to carry out social emergency and job-creation programs.

The preparation of the annual work plans for each municipality will be responsibility of the CA contractor working directly with the municipalities and communities concerned. USAID and INADE will provide the guidelines for work plan preparation and will be consulted during the process, if questions should arise. The consolidated work plans will be approved at the departmental level by both USAID and INADE and then will be consolidated into a national yearly work plan.

INADE's role at the national level will also be important, because, although the focus of the Project is at the local government level, efforts and follow-up are necessary at the national level to complete the process of finalizing the decentralization law and obtaining GOP funds for development activities.

The training and technical assistance will be provided through a Cooperative Agreement with a Peruvian Institution chosen through competitive bidding. Allocations for HCOLC will be channeled through INADE based on annual work plans established jointly by the local governments, the CA contractor, INADE and USAID.

IV. PROJECT STATUS

During this period the GOP has complied with conditions precedent to disbursement.

A. EOPS

<u>Planned EOPS</u>	<u>Progress to Date</u>
1. Model mechanism developed to assure an effective participatory working relationship between local governments and communities.	To early to report
2. Replication of the project to other departments of Peru.	To early to report
3. 25 provincial and 100 districts municipalities will have been strengthened, as measured by the number of people trained in the areas discussed above.	To early to report
4. Increased level of participation of target communities in local government activities.	To early to report
5. Increased level of citizens' knowledge in target areas about the role of the community in government by local government officials.	To early to report
6. Increased number of registered voters participating in the municipal election process.	To early to report
7. Increased community participation, specially among women, in local government decision-making process.	To early to report
8. Improved management and transparency of local government.	To early to report

B. Major Outputs

	<u>Planned</u>				<u>Accomplished</u>		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Provincial and district local governments strengthened.	125	0	0	0	0	0	0
2. Training courses in administration, services delivery, finance, project planning, implementation and monitoring, democratic participation and funds accountability.	30	0	0	0	0	0	0
3. Training modules for LG developed.	10	0	0	0	0	0	0
4. Civic education module used in pilot secondary schools in participating communities.	1	0	0	0	0	0	0
5. Civic and awareness campaign.	5	0	0	0	0	0	0
6. LG official technical staff and community leaders trained.	TBD	0	0	0	0	0	0

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

		A	B	N/A	C
7. Congressmen/central government officials participating in workshops/seminars.	TBD	0	0	0	0
8. Community associations receiving TA in local governance, project design and implementation.	TBD	0	0	0	0
9. Projects in basic infrastructure developed and implemented successfully.	TBD	0	0	0	0
10. Community participants in project implementation (Male/Female).	TBD	0	0	0	0

C. Other Accomplishments and Overall Status:

Project was recently authorized on September 30, 1994.

D. Problems and Delays:

None.

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

1. The 1995 Annual Workplan will be in place by March.
2. Administrative Special Unit in INADE formed and functioning.
3. Initial project implementation sites (municipalities and communities) will be determined jointly by INADE and USAID.
4. CA Grantee selection process will begin.

m:\olgad\esau\sar94.lgd

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994 A B N/A C

IA. BACKGROUND DATA

Project Title: Elections Support
 Project Number: 527-0376
 Date of Authorization: original 09/27/94 amendment
 Date of Obligation: original 09/29/94; amendment
 PACD: original 06/30/95 amendment
 Implementing Agencies: International Foundation for Electoral Systems (IFES)
 National Democratic Institute (NDI)
 International Republican Institute (IRI)
 Inter-American Institute of Human Rights/CAPEL

Major Contractors: None
 AID Project Officer/Manager: Edith Houston/Monique Davis
 Status of CPs/Covenants: CPs: satisfied Covenants: N/A
 Date of Last Evaluation: Next Evaluation: N/A
 Planned Number of Non-Federal Audits during Fiscal Year: N/A
 The Number of such Audits Contracted for/Completed: 0
 Date of Last Audit: Next Audit: N/A
 Date of Latest Action Plan Approval:

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	original	\$2,000,000
Amount Obligated:	DA/ESF Grant:	original	\$2,000,000
Amount Committed:	Period:		\$2,000,000
	Cumulative:		\$-----
Accrued Expenditures:	Period - Projected:		\$1,200,000
	Period - Actual:		\$-----
	Cumulative:		\$-----
	Period - Next:		\$ 800,000

Counterpart		
Contribution:	Planned:	N/A
(Other Donors)	Actual:	N/A

% LOP Elapsed:	<u>0.00</u>
% of Total Auth. Oblig.	<u>100.00</u>
% of Total Oblig. Exp.	<u>00.00</u>
% of Total Auth. Exp.	<u>00.00</u>

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This project supports Strategic Objective No.1: Strengthened democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituencies.

Percent of LOP Funds Relating to Strategic Objectives: 100

IIB. PROJECT PURPOSE

The purpose of this project is to promote free, fair and transparent Presidential and Congressional election processes in 1995.

III. PROJECT DESCRIPTION

This short term Project is going to be implemented through NGOs due to USAID/Peru management limitations and political sensitivities. Implementing agencies are: IFES, IRI, NDI and CAPEL. IFES's Cooperative Agreement was signed on September 29, 1994 and will cover the drafting of training materials for JNE staff, Provincial members and staff and poll watchers. CAPEL received a grant to focus on technical assistance to the JNE. Activities will include the provision of high level management and decision-making training to JNE members. CAPEL will also provide technical observers and analysts to assess the electoral process. IRI received a grant to provide technical assistance in the areas of poll watcher training, voter education and Presidential debates. NDI also received a grant to provide technical assistance to NGOs for a parallel vote tabulation, seminars on electoral procedures and poll watcher training.

IV. PROJECT STATUS

USAID/Lima signed Cooperative Agreements with IFES on September 29, 1994 to implement a multi-faceted program of elections assistance with both an immediate and long-term impact in the electoral system in Peru. Grants were signed with NDI, IRI and CAPEL on September 29, 1994.

67

A. EOPS

Planned EOPS

Progress to date

- | | | |
|----|---|---------------------|
| 1. | Efficiency of electoral system increased. | To early to report. |
| 2. | More informed electorate. | To early to report. |
| 3. | Improved transparency of the elections. | To early to report. |

B. Major Outputs

Project started on September 29, 1994.

C. Other Accomplishments and Overall Status

Project started on September 29, 1994.

D. Problems and Delays

None.

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

1. An NGO coordinating office will be set up during November 1994.
2. Involvement letters will be drafted to approve work plans and responsible grantee officers to the project.

MAODITDIDDIELECTSAR.94

STRATEGIC OBJECTIVE 2

BROADER-BASED SUSTAINABLE ECONOMIC GROWTH

IA. BACKGROUND DATA

Project Title: Employment and Natural Resource Sustainability
 Project Number: 527-0341
 Date of Authorization: 09/30/91
 Date of Obligation: 09/30/91
 PACD: 09/30/95
 Implementing Agencies: The Nature Conservancy (TNC), Fundación Peruana para la Conservación de la Naturaleza (FPCN)
 Major Contractors: N/A
 AID Project Officer: Edilberto Alarcón
 Status of CPs/Covenants: N/A
 Date of Last Evaluation: 2/94 Next Evaluation: 9/95
 Planned Number of Non-Federal Audits during Fiscal Year: None
 The Number of such Audits Contracted for/Completed: None
 Date of Last Audit: N/A Next Audit: N/A
 Audit (type A-133) is the responsibility of FA/OP
 Approval of 1994 Work Plan: 5/24/94 1995 Work Plan: 2/95

1B. FINANCIAL DATA

Amount Authorized:	DA Grant:	\$3,600,000
Amount Obligated:	DA Grant:	\$3,600,000
Amount Committed:	Period:	\$- 0 -
	Cumulative:	\$3,485,000
Accrued Expenditures:	Period - Projected:	\$ 300,000
	Period - Actual:	\$ 218,315
	Cumulative:	\$1,504,027
	Period-Next:(10/94-3/95)	\$250,000
Counterpart Contribution:	Planned:	\$1,400,000 (in-kind and cash)
	Actual:	\$ 418,807
% LOP Elapsed:		75.0
% of Total Auth. Oblig.:		100.0
% of Total Oblig. Exp.:		41.8
% of Total Auth. Exp.:		41.8

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: The Project supports Strategic Objective No. 2 : "Broader-based, Sustainable Economic Growth" by fostering the growth of sustainable productive activities by the residents of a reserve in the Amazon Region, while actively supporting the area's ecological preservation.

Percent of LOP Funds Relating to Strategic Objective No 2: 100

IIB. PROJECT PURPOSE

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

---- PROJECT DESCRIPTION

The Project involves a mix of background and applied studies, accompanied by training and technical assistance directed at improving resource management and developing income-generating activities. It is being implemented by TNC entirely within the private sector (FPCN and other institutions), over a four-year period at an estimated total cost of \$5 million, including USAID grant contribution of \$3.6 million.

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

IV. PROJECT STATUS

During the reporting period, the Project has undergone several administrative and operational changes to facilitate the adoption of the Project evaluation recommendations as well as those resulting from USAID's review of Project progress. The main objective of these changes is to place greater emphasis on community participation and income generation activities. Also in line with the Project Evaluation recommendations, TNC has submitted a request for a no-cost Project extension through September 30, 1997.

1. Planning and Studies

TNC and FPCN have prepared the draft of a Work Plan through the proposed extended life of the Project (October 1, 1994 - September 30, 1997). Based on a revised logframe, it intends to respond to the Project evaluation recommendations as well as those resulting from discussions with USAID officials.

The Project has completed the integration of the three baseline studies. A Technical Planning Unit (TPU) recommended by the evaluators, has been established to apply an integrated

126

approach to the planning, monitoring and evaluation of Project activities.

Two studies on fisheries have been initiated. The first one is on fishing activities and consumption levels. The second one, for the establishment of communal fishery units, is being developed under an agreement with the GOP Ministry of Fisheries.

A research team from the University of Florida is developing a study on community needs and availability of flora (palms) and game (rodents and ungulates) resources. A proposal has been presented and is currently under evaluation, for a baseline study on the features of household economies. It intends to establish a methodology for measuring long-term social and economic impacts.

2. Support to PSNR Protection

New GOP authorities for the region have been appointed (President and Agriculture Director). A special visit to the Project area was organized to show them the ENRS activities and coordinate counterpart actions. It is expected that a new Reserve Director will soon be appointed by the National Institute for Natural Resources (INRENA). One of the Project professionals is the strongest candidate for this position.

Project field activities have now been divided by "cuencas" under the supervision of two coordinators (Puinahua-Ucayali and Marañon-Samiria) who are responsible for both conservation and community promotion activities in their respective areas.

There are now 20 conservation promoters (guards) in the Reserve. The policy of approaching communities to inform them about the Project and the need to protect the Reserve has continued to gain momentum. Local authorities and community leaders have received documentation related to control regulations and resource management. Joint visits with Police authorities are helping to promote coordination regarding legal and control actions for the benefit of the population and the availability of local resources. Illicit activities by outsiders have considerably diminished in areas with control mechanisms; some recurring transgressors have now fled those areas to avoid controls and fines or confiscation.

3. Community Development and Income Generating Activities

Two promoters were hired during the reporting period and two more will be hired in October. After working in the communities of Manco Capac and Veinte de Enero, two female promoters were moved to Montebello and Nueva Esperanza, where they are approaching the communities and making arrangements to install new Community Development Centers (CECODES), where construction will start soon.

Two participatory rural assessment workshops were held in the villages of Siete de Junio and Yarina at the request of communities and others in the surrounding areas.

An Iquitos-based consulting team has completed feasibility studies to introduce and develop eight pilot family and community projects in Veinte de Enero. As a result, activities with palm fruit collection and crop cultivation (rice, maize, beans) are in preliminary stages of implementation.

A community pilot project to introduce management of turtles (taricaya) has started under Project supervision in Manco Capac and Cocha El Dorado with collaboration of school students and support of their parents who have organized themselves to protect the area.

Improved fish salt-drying techniques continue to be promoted in other communities. Permanent monitoring and evaluation is still needed to ensure success of the program in terms of income generation.

4. Construction and Equipment

Rehabilitation of the important Yarina Base was completed and construction of two new guard posts is in process. All guard posts and assigned personnel are now fully equipped.

Performance of provisional installations for radio communications and solar energy has been evaluated. As a result, some technical adjustments are being made to extend and complete the system, integrating infrastructure with water supply and other ancillary services, both in the vigilance posts, boats and CECODES.

A. EOPS

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	Increase of 10-20% in incomes of the 5,000 direct beneficiaries of the Project based on new economic activity which is environmentally sustainable.	Baseline studies completed. First income generating activity is being evaluated (salt-drying fish); new income generating activities introduced (community palm management project, improvement of current rice, maize and bean crops). Pilot project started for community management of taricaya turtles in man-made hatching "beaches".

- | | | |
|----|---|--|
| 2. | Enhanced employment opportunities and other economic benefits for approximately 100,000 people within and around the Reserve. | None as yet. Specific terms of reference for marketing study have been prepared, cooperation with other projects and local institutions is being arranged. Preliminary data on fisheries and marketing is available. |
| 3. | Maintenance or increased availability of economically important species within the Reserve. | GIS baselines are being prepared, and key species and critical habitats identified. Submission of a technical proposal for zoning of the Reserve is due at the end of the year, after integration of baseline studies is finished. |
| 4. | No net gain in environmental degradation of the Reserve and within the Project designated areas. | Reserve Control Posts and staff assigned continue to actively participate in vigilance operations, in collaboration with governmental officers and police; radio communications provided by the Project, as well as transportation facilities, are proving very effective in control coordination and protection of the PSNR. Coordination between governmental institutions and the Project has significantly improved. |
| 5. | Enhanced community awareness of the feasibility and desirability of sustained yield practices. | Six communities agreed to work with and were involved in participatory rural appraisal workshops; in each case, representatives of 4-6 neighboring communities also participated. |
| 6. | Increased product volumes in extractive industries, fishing, and agroforestry. | None as yet. |

B. Major Outputs

	Planned					Accomplished			
	LOP Old	LOP New	Period	Cum.	Next Period	Period	Cum.	% of LOP/new	
1. Community centers built	6	6	2	4	2	0	2	33	
2. Control posts renovated	4	10	0	4	4	2	6	60	
3. Baseline studies finished	3	4	0	3	1	0	3	75	
4. Income studies finished	8	15	3	7	7	8	8	53	
5. Resource studies finished	8	10	2	5	2	1	1	10	
6. Income activities operating	8	100	1	4	10	4	5	5	
7. Resource activities operating	6	10	1	4	1	1	1	10	
8. People trained (short term)	211	1500	30	114	150	170	205	22	

C. Other Accomplishments and Overall Status

The "floating seminar" was successfully held in May, as planned, with the participation of 23 people from similar TNC projects in Colombia and Ecuador and Peruvian Amazonia, as well as central and government officials, other NGOs and special guests, in order to exchange experiences about the implementation of activities related to protected areas and sustainable development.

Training activities were evaluated in the month of July and a training plan has been developed for the next three years. As a result, training goals and targets were revised and adjusted: 1,500 people will be included in formal courses or seminars (including school teachers and population in participatory workshops), and up to 100,000 people will be influenced by means of dissemination of documents and use of radio programs, among other media.

Administrative procedures and standards have been revised and improved in order to achieve efficiency in Project logistics and control. The Iquitos Office has been moved to a new location with more space and facilities.

Gender Considerations

In compliance with the terms of the Grant Agreement, the Project is taking into consideration women's participation and involvement both at the level of staff organization and community population.

Special arrangements have been made to pay attention to women's role and expectations during the Participatory Rural Assessment Workshops (PRAW) which are the backbone of community promotion.

PRAWs have significantly helped women to enhance their presence in community decisions and to assume a more active role which is gradually being accepted in spite of traditional attitudes of male family heads in the area. This is a great change, since, although women have traditionally participated in household economic and social activities, they had rarely expressed their aspirations and ideas publicly.

During the reporting period, the following specific activities have been accomplished:

- o Participation of women in PRAW carried out in Siete de Junio and Yarina communities; several women have been included in "action groups" established to follow-up the workshop results in terms of proposals and small projects.
- o Women have also asked to participate in activities for resource protection in some critical areas of the PSNR through the correspondent PRAW action groups, which previously only included men.
- o Community promoters have continued to support activities within the "Club de Madres" in every Project community. Horticulture and demand for sewing machines are the main issues.
- o Special promotion for the production of handicrafts has started in selected communities. Women will have an important participation in this activity. Fibers and seeds, some traditionally used and others with potential for new uses, are being tested with the advice of a U.S. specialist and the help of Project community promoters.
- o Two female promoters of the Project staff have been transferred to new communities to begin applying the experience gained in their former posts.

D. Problems and Delays

Progress in introduction of income generation activities is still slow. However, there is recognition that employment generation targets may have been over-ambitious, given the priorities expressed by Project assisted communities, and also due to deep-rooted habits in resource extraction and use. Changes in behavior and attitude in this respect will take more time and extended effort than expected.

USAID's Project Committee has found that the Work Plan submitted by TNC in support of the proposed extension is not sufficiently explicit on certain fundamental aspects of planning, implementation and monitoring, particularly as these relate to income generation activities and Project sustainability. TNC and FPCN are reexamining these aspects; they will then proceed to enlarge and modify the Plan for resubmission to USAID in January 1995.

Although some progress has been made, Governmental decisions as to the authority and management of the Reserve have not been taken as yet.

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

- o TNC/FPCN will complete the revision and resubmit to USAID the Work Plan for the proposed extended LOP. USAID will review the submission and make a determination with regard to the extension request.
- o Technical proposals will be developed for the zoning and management of the Reserve and strengthened coordination with regional and national government regarding PSNR management and control will be undertaken.
- o Fisheries studies will be completed and first community fishery units will be established.
- o Design of a monitoring and evaluation system will be completed and the system will be placed in operation.
- o A minimum of three alternative economic activities will be initiated. First family production units will be placed in operation.

IA. BACKGROUND DATA

Project Title: Policy Analysis, Planning, and Implementation
Project Number: 57-0343
Date of Authorization: original 09/29/90 amendment
Date of Obligation: original 09/29/90 amendment 09/30/93
PACD: original 03/30/95
Implementing Agencies: Office of the Secretary General of the Presidency (SEP)
Confederación Nacional de Instituciones Empresariales Privadas (CONFIEP)
Major Contractors: Development Economies Group, Joint Venture (DEG)
Project Officer/Manager: Scott Taylor/Ena Garland
Status of CPs/Covenants: CPs: on track; Covenants on track
Date of Last Evaluation: 8/94 Next Evaluation: n/a
Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of such Audits Contracted for/Completed: n/a
Date of Last Audit: None Next Audit: n/a
Approval of Work Plan for FY 94: 6/93 For FY 95: 6/94

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	original	\$7,150,000	
Amount Obligated:	DA/ESF Grant:	original	\$1,185,808	amended to \$6,645,808
Amount Committed:	Period:		\$ 88,445	
	Cumulative:		\$3,345,399	
Accrued Expenditures:	Period - Projected:		\$1,542,000	
	Period - Actual:		\$ 683,351	
	Cumulative:		\$2,393,643	
	Period - Next:		\$ 771,000	
Counterpart				
Contribution:	Planned:		\$ 200,000	(in kind)
	Actual:		\$ 100,000	(in kind)
% LOP Elapsed:			89.0	
% of Total Auth. Oblig.			93.0	
% of Total Oblig. Exp.			36.0	
% of Total Auth. Exp.			33.0	

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

The Project directly supports Strategic Objective No. 2: "Broader-Based, Sustainable Economic Growth." through the development of macroeconomic and sectorial policies that encourages growth and provides the regulatory framework for a market economy.

Percentage of LOP Funds Relating to Strategic Objectives: 100

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

The Project provides high level technical expertise to meet the needs of the GOP for developing, implementing and monitoring economic policies, programs and projects. Short term economic analyses in high priority areas as well as training and information dissemination relating to policy analysis and the decision-making process will benefit both the public and private sectors. Requests for technical studies/assistance and training for the public sector are channeled through the Office of the Secretary General of the Presidency (SEP). CONFIEP channels proposals coming from the private sector. The training component is directed towards strengthening the institutional capacity of the public sector to design and implement structural reforms, while, through the Confederation of Private Sector Business (CONFIEP), the Project is encouraging dialogue between the private and public sectors.

IV. PROJECT STATUS

Given the success of the economic stabilization program since 1993, the Project has a new policy agenda now focused on structural and sectoral policies and reform of the institutional framework in order to reduce transaction costs of doing business in Peru. These reforms are needed to achieve sustainable growth, and to improve the economic situation of the poor, especially in the areas of microenterprises, the agricultural poor and financial management of the social ministries.

At present, thirteen studies (twelve for the public sector and one for the private sector) are underway. During the reporting period, seven technical assistance studies have been completed. Among the major impacts this Project has had over the past months are:

- Enactment of a new Public Registries law. The costs and time delays imposed on citizens by the ineffective procedures of the Public Registries have been particularly onerous for the poor. The new law creates a Superintendency of Public Registries and simplifies the procedures for registering contracts, titles and property. Future benefits from this law are the institutionalization of structural reforms through a reduction of transaction costs and wider distribution of economic benefits.

- Simplification of procedures for the legalization of microenterprises, through the elimination of the Unified Registry of Enterprises. The idea is to reduce the bureaucratic burdens faced by micro-enterprises when they try to register and establish their legal

status, and to improve their access to market information.

- Introduction of three new financial instruments into nascent Peruvian financial markets. The three instruments: ADR's, mortgage loans and stocks without voting rights, offer the prospect of increased returns and reduced risks for all investors, in particular for the social pension funds such as Asociacion de Fondos de Pensiones (AFPs).

- Implementation of the recommendations of the study: "Excess Costs of Export Sector" which were used by the Minister of Economics and Finance in his meetings with CONFIEP, such as devolution of drawback in cash and the fractioning of tariff payments.

- Seminars to majors and local government officials (300 participants) from the department of Lima to train these officials on the contents of new legislation, particularly on the new mechanisms to distribute resources to the poorest municipalities, and on budgeting procedures. This training will be broadened in the future to include all Peruvian municipalities. The training has improved the ability of local governments to manage the resources they receive from the Central government and the mechanisms to collect taxes, which are still the responsibility of local governments.

A midterm management review of the PAPI project was carried out during the month of August, which evaluated impact and recommended a redesign of the project and a two-year extension. This redesign would strengthen the focus of the project in the policy areas which are in accordance with new USAID priorities, and would simplify the administrative procedures for the selection of technical studies/training activities.

A. EOPS

PLANNED EOPS

PROGRESS TO DATE

1. Increase GOP capacity of economic analysis and implementation of policies as evidenced by policy changes.
2. Promote sound exchange rate policy with fiscal & monetary discipline.
3. Promote a trade policy oriented to opening-up the economy to foreign competition.
4. Sectoral development through a better capacity for policy formulation and institutional strengthening:

1. Major legislation on economic policy issues has been passed based on several research and studies carried out by the Project such as Tariff Reform, Anti-monopoly Law, etc.
2. Through major opening-up the economy to foreign legislation passed to reform the management of key policy instruments, the GOP has been able to implement a market-based exchange rate system, and implement tight monetary and fiscal policies.
3. Exports: The Project has contributed to a better understanding and implementation of regulations to reduce excess costs in the export sector. Imports: Reduction of the number of tariffs from over 40 (5-100%) to 2 (15%-25%) levels. Elimination of all non-tariff barriers.
4. Support to social sectors (i.e., Education, Health, Microenterprises, Municipal Development, etc.) through formulation of budgeting plans, and major legislation has been accomplished.

B. MAJOR OUTPUTS

	<u>P L A N N E D</u>				<u>A C C O M P L I S H E D</u>		
	LOP	PERIOD	CUM.	NEXT PERIOD	PERIOD	CUM.	% LOP
Trained GOP personnel in formulation, analysis & policy implementation	<u>Private Sector Training (Number of Participants)</u>						
	4320	150	150	300	156	306	7.0
	<u>Long-Term Training</u>						
	4	0	0	0	0	0	0
	<u>Short-Term Training</u>						
	US28	6	0	6	6	8	28.6
	TC37	0	0	2	0	2	5.4
	<u>In-Country</u>						
	3000	150	0	150	300	600	20.0
Trained GOP & private sector personnel in applied economic analysis & project interventions	<u>Short-Term</u>						
	65	12	0	75	8	10	15.4
	<u>Long-Term</u>						
	4	0	0	0	0	0	0
Seminars and workshops for private & public sectors	136	12	18	20	4	17	12.5

Among the 8 participant trainees, six are males and two are females. Among the 300

participants for in-country training, 263 are males and 37 are females.

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

During the first years of the Fujimori Government, the PAPI Project was the only source of funds available to assist the GOP in the design and implementation of its economic reform program. Several studies have resulted in significant new decrees and regulations consistent with the goals and objectives of the Project. Given the success of the Project in its support of the GOP's economic stabilization program, since last year, the Project has begun re-focusing its agenda towards an emphasis on structural, sectoral and institutional issues.

Among the major accomplishments to date are: rescheduling of the external debt by the GOP at the Paris Club meetings and formation of the Donor Support Group which led to the reinsertion of Peru in the international community; enactment of laws governing public enterprise policy and initial privatization of public enterprises, which has set the conditions for increased private investment and has become a major source of funds for poverty alleviation programs; laws passed in the trade sector aimed at liberalizing the external sector; a new law on municipality taxation, which provides additional revenues to the poorest districts and municipalities; and, implementation of a pilot program to broaden the tax base by the tax authority SUNAT based on methodology developed through a study on the mechanisms of tax evasion.

The Project is also addressing the need for trained GOP personnel in various areas: development of new financial instruments, project appraisal, social sector budgeting, decentralization, training to congressmen, etc.

The Projects, which will be completed during the next quarter, address several key policy issues: economically sound environmental policy; institutionalization of structural reforms, budgeting reform in the social sectors and decentralization. In the environment, a study will make recommendations on reduction of mercury emissions in the gold mining area; another will provide a diagnosis of pollution caused by manufacturing activity and develop a policy framework in this area; a third will analyze pollution in the fishmeal industry and provide standards for this sector; finally, a seminar to develop a management system for solid waste will take place in December. Under institutionalization of structural reforms, assistance on the reform of the Public Civil Service System and further support on strengthening the tax collection capabilities of the Government will be provided. Under budgeting reform, a budgeting and planning analysis of investment in public health and education for the period 1995-1999 is being developed. Finally, technical assistance is being provided to the GOP in the area of strengthening local governments through improved coordination mechanisms and improved allocation of resources to municipalities.

The Condition Precedent (CP) to Disbursement for Host Country Contracting, as stated in the Project Authorization, requires "Evidence that the SEP has the administrative and financial capabilities required to carry out Host Country Contracting in accordance with the rules and regulations contained in A.I.D. Handbook 11." This CP has not been met as the GOP has not and will not be required to conduct Host Country Contracting.

D. PROBLEMS AND DELAYS

Based on the project's estimated pipeline of \$3.5 million at its current PACD (March 1995), the midterm management review recommends a two-year, no-cost extension of the project. USAID and the GOP agree on the re-focusing and narrowing of the project design; nevertheless, there are divergent views on the role of the Institutional Contractor in any possible project extension.

The level of accrued expenditures has been lower than planned for several reasons: first, most of the contracting has been with local consultants rather than foreign consultants, which has significantly reduced projected expenditures; second, in-country training has been delayed due to personnel restrictions on the part of the Government. The implementing unit of the GOP has only one person who oversees all studies and training activities; third, some of the projects selected were vague and had to be entirely re-worked.

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

1. Re-design the project if a no-cost extension is approved by the Mission. This redesign will imply a refocus of the project and improvements in the procedures for the selection and execution of the technical studies/training activities.
2. Implement the prioritized list of updated research, study and training proposals for both the public and private sectors.

M:\ECOD\PAPI\SAR\SARFALL2.M

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

IA. BACKGROUND DATA

A. B. X. C.

Project Title: Economic Stabilization and Recovery Program
Project Number: 527-0344
Date of Authorization: original 09/30/91
Date of Obligation: original 09/30/91
PACD: current 9/95
Implementing Agencies: Ministry of Economy and Finance (MEF)
Major Contractors: None
Project Officer/Manager: Scott Taylor/Arturo Briceño
Status of CPwCovenants: CPs satisfied; covenants on track.
Date of Last Evaluation: None. Next Evaluation:
Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of such Audits Contracted for/Completed: None
Date of Last Audit: None Next Audit: CY 1993 recipient contract

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	original	\$50,000,000
Amount Obligated:	DA/ESF Grant:	original	\$50,000,000
Amount Committed:	Period:		\$ -.-
	Cumulative:		\$20,000,000
Accrued Expenditures:	Period - Projected:		\$30,000,000
	Period - Actual:		\$ 0
	Cumulative:		\$20,000,000
	Period - Next:		\$30,000,000
Counterpart			
Contribution:	Planned:		\$20,000,000
	Actual:		\$ 5,000,000 ¹
% LOP Elapsed:			67
% of Total Auth. Oblig.			100
% of Total Oblig. Exp.			40
% of Total Auth. Exp.			40

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

The project directly supports:
Strategic Objective No. 2: "Sustainable Economic Growth Led by the Private Sector." In order to implement its macro-economic reform program, the GOP requires balance of payment support to meet its external financial obligations with international financial institutions. The project helps to alleviate the external financial needs of the public sector, thus liberating GOP resources for the country's internal development. Through policy dialogue, the project supports the establishment and maintenance of sound economic policies and structural reforms that promote economic stabilization and sustainable economic growth for the private sector.
Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 100

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

The project provides \$50 million in balance of payments assistance in direct support to the Government of Peru's (GOP) economic reform program, and budgetary support to finance key counter-narcotics activities. The resources will be provided in three installments: \$ 20 Million, \$ 15 Million and \$ 15 Million. The first \$ 20 Million have been disbursed. The \$ 30 Million balance was programmed to provide \$ 15 Million in HCOLC in support of the Upper Huallaga Area Development project, which finished in December 1993 (FY 94). The disbursement of these funds are 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 IMF, the World Bank and the Inter-American Development Bank, as consistent with the ESF Cash Transfer Assistance-Amplified Policy Guidance.

¹ Includes 4.5 M Trust Fund.

IV. PROJECT STATUS

Since August 1990, the GOP has adopted a firm economic stabilization program aimed to reduce inflation and has implemented a set of structural reforms designed to allocate a larger percentage of resources to competitive and efficient private markets. Despite the "auto-coup" of April 5, 1992, the GOP has been able to raise all external financing from the international financial institutions, meet the strict conditionality of the IMF's Rights Accumulation Program (December 1991 to December 1992) and sign an Extended Fund Facility (1993-95).

The GOP met program CPs for the first disbursement in December 1991. The two remaining disbursements were blocked following the events of April 5. USAID/Peru reported to Washington, in March 1993, that all CPs had been met for the remaining disbursements. However, as of this date, the Department of State has not allowed the release of remaining funds. The disbursement of funds are being held up as a result of Peru's human rights record. Peru's counternarcotic's program, however, is progressing and the IMF economic reform targets are being met. The attached table shows a set of indicators to monitor the results of the project. All correspond to the economic targets, benchmarks and limits established with the IMF.

A. EOPS: None stated in PAAD.

B. Major Outputs: None stated in PAAD.

C. Other Accomplishments and Overall Status

The project has helped the GOP to stabilize the economy and implementation of structural reforms. At an operational level, the project has also helped the GOP to improve the management of counterpart and PL 480 funds through the establishment of the Ministry of Economy's technical (management), as called for the Agreement.

Peru met all of the IMF economic conditionality under the RAP for 1991-92 and is doing the same under the current Extended Fund Facility (EFF). Peru's EFF with the Fund, which covers the period 1993-95, establishes six intermediate targets, called quantitative performance criteria. It is assumed that meeting these targets will help ensure that Peru's antinflationary policies remain on track. The six IMF targets focus on net domestic credit limits, minimum accumulation of net international reserves of the Central Reserve Bank, and limits on public sector contracting and guaranteeing of medium/long-term external loans with maturities of at least one year. The final targets are aimed at controlling inflation and provide the foundation for sustained economic growth. Thus, for 1993, the attached table shows that GDP growth has exceeded EFF targets (7% vs. 3%). Inflation, however, was higher than EFF targets (40% vs. 27%) and tax revenues fell slightly short of EFF targets (9% vs. 10%). The low rate of tax collection is clearly one of the weakest aspects of the economic program as it provides insufficient revenues to meet GOP social sector and infrastructure financing requirements while simultaneously servicing the public sector's external debt.

D. Problems and Delays

There were significant delays in disbursement of first tranche of \$20 Million as the GOP did not provide its originally planned counterpart contribution (equivalent to 100 percent of the dollar transfer). The program was amended to reduce the requirements for counterpart contribution, based on instructions from the LAC Bureau. Because this program was intended as balance of payments support, there is no statutory requirement for a counterpart contribution, according to guidance issued in 1991 (after PAAD was written). The program agreement was renegotiated, to provide for the generation of counterpart funds at a lower level. These funds will cover AID trust fund requirements, grantee management costs, and (in the final two tranches) financing of high priority projects (total LOP counterpart contribution \$15,500,000 plus \$4,500,000 for AID trust fund). As stated above, State has not allowed release of remaining funds. The delay in disbursing the \$30 Million could have a negative impact on the Mission's OE budget, i.e. new trust funds.

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

- Negotiate release of disbursements when CPs met.
- Carry out internal review of use of counterpart funds, as needed.
- As the Mission anticipates the use of \$3 Million in HCOLC --Trust Fund-- from the \$30 Million balance to cover FY 94 and FY 95 OE, negotiation of amendment to the PAAD.

PROJECT STATUS

TABLE I

Project Name	Project #	Number Start/End			LOP Funding	
Policy Analysis, Planning and Implementation	527-0343	91-94				
Indicator	Baseline	Target	Obs.	Obs.	Target	Obs.
	90	91	92	93	94	94
GDP growth rate (%)	-4.4	2.8	-2.8	6.5	4.5	12.0 (Jan-Aug)
inflation rate (%)	7850	60	56.7	39.5	20.0	13.3 (Jan-Oct)
domestic invest (% of GDP)	16.8	14.5	16.4	18.6	18.6	N/A
national savings (% of GDP)	15.2	10.0	10.9	12.7	14.2	N/A
external savings (% of GDP)	4.6	4.4	5.5	6.0	5.7	N/A
consolid. deficit (% of GDP)	6.5	3.1	2.9	2.8	-2.3	+ 6.7
primary surplus (% of GDP)	-0.1	0.4	0.5	0.5	1.2	8.9 (Jan-Jun)
quasi-fiscal deficit (% of GDP)	1.1	0.5	0.1	0.1	0.0	0.0 (Jan-Jun)
domestic financing of deficit (% of GDP)	3.3	0.0	0.1	0.2	zero	
tax revenues (% of GDP)	9.6	7.6	10.2	10.5	12.1	12 (Jan-Jun)
privatization revenue (% of GDP)	---	---	0.1	0.3	0.6	6.4% (Jan-Jun)
growth rate of M1 (%)	4578	70	71.2	46.5	31	33.2 (Jan-Set)
growth rate of M2 (%)	3773	78	80.3	52.1	21	102.0 (Jan-Set)
change in international reserves of the Central Bank (\$ mil)	174	676	697	700	621	2,631 (Jan-Set)
external current account deficit (% of GDP)	4.6	4.5	5.5	6.0	5.7	4.3 (Jan-Jun)
export volume growth rate (%)	-9.9	-2.8	4.7	-0.6	3.4	19.0 (Jan-Jun)
private capital inflows (\$ bil)	0.4	1.0	2.0	1.6	1.7	2.9 (Jan-Jun)
debt payments to IFIs		0.5	current	current	remain current	
number of tariff rates (units)	---	3	2	2	2	2
surcharge system (# of products)	---	20	20	20	20	20
wheat & products surcharge (%)	---	20	30	35	25	20
ENCI trading limit ('000 mt)	---		300	300	food donations only	

Base. = Baseline; Targ. = Target; Obs. = Observed.
Source: Central Reserve Bank

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A B C

IA. BACKGROUND DATA

Project Title: MICROENTERPRISE AND SMALL PRODUCERS SUPPORT
Project Number: 527-0349
Date of Authorization: original 9/30/91 amendment one: 3/15/93
 amendment two: 9/23/93
 amendment three: 9/27/94
Date of Obligation: original 9/30/91 amendment one: 3/25/93
 amendment two: 9/23/93
 amendment three: 9/29/94
PACD: original 3/31/97 amendment two: 3/31/98
Implementing Agencies: ADEX (Exporters Association)
 IESC (International Executive Service Corps)
 ACDI (Agricultural Cooperative Development International)
Major Contractors: Louis Berger International, Inc. (LBI)
USAID Project Officer/Manager: Alan L. Davis/Eduardo Albareda/Connie Gutiérrez
Status of CPs/Covenants: ADEX: completed
 IESC: N/A
 ACDI: N/A
Date of Last Evaluation: N/A Next Evaluation: 3/95
Planned Number of Non-Federal Audits during Fiscal Year: ONE
The Number of such Audits Contracted for: ONE
Date of Last Audit: 12/31/93 Next Audit: 12/31/94
 ADEX has annual RCAP responsibility
 IESC has OMB A-133 audits: FA/OP responsibility
 ACDI has OMB A-133 audits: FA/OP responsibility
Approval of 1994 Work Plan: 1/24/94 1995 Work Plan: 11/30/94

IB. FINANCIAL DATA

Amount Authorized:	Grant: original	\$19,500,000
	Grant: amended	\$27,500,000
	Grant: amended	\$28,533,647
Amount Obligated:	ADEX CA original	\$ 4,300,000
	amendment two	\$ 4,800,000
	amendment three	\$ 2,533,647
	IESC Grant original	\$ 200,000
	amendment one	\$ 200,000
	ACDI CA original	<u>\$ 2,614,089</u>
	Obligated to date	<u>\$14,647,736</u>
Amount Committed:	Period:	\$ 119,754
	Cumulative:	\$11,615,674
Accrued Expenditures:	Period-Projected:	\$ 2,000,000
	Period-Actual:	\$ 2,751,051
	Cumulative:	\$ 6,003,458
	Period-Next: (10/94-3/95)	\$ 3,500,000
Counterpart Contribution:	Planned:	\$ 6,518,000 (LOP)*
	Actual:	\$ 3,450,000 **

‡ LOP Elapsed: 46.15 ‡ of Total Auth. Oblig.: 51.33
‡ of Total Oblig. Exp.: 40.99 ‡ of Total Auth. Exp.: 21.04

* This includes \$6.0 million HCOLC contribution for credit lines, and in-kind contributions of \$105,000 from ADEX and \$413,000 from ACDI/TechnoServe.

** \$140,000 ADEX in-kind contribution. \$310,000 contribution of recipients of IESC's technical assistance. \$3.0 million disbursement of Title III funds for the COFIDE agricultural credit line.

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project is directly linked to Mission Strategic Objective No.2 Broader-based, Sustainable Economic Growth, by increasing the participation of the "poor majority" in the economy.

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

IIB. PROJECT PURPOSE

The purpose of the Project is to increase the incomes and employment of microentrepreneurs, small producers and smallholder farmers and strengthen their grass roots organizations. This will be accomplished by expanding their access to markets for targeted products in which there exists proven market demand and assisting their grass roots institutions to be more responsive to their member's needs.

III. PROJECT DESCRIPTION

The Microenterprise and Small Producers Support Project (MSP) is designed to increase the economic participation of the poor and their grass roots organizations in the economy.

It delivers resources such as technical assistance and credit to the poorest geographic areas of Peru to microentrepreneurs, small producers, smallholder farmers, women's groups, community associations, producers associations, indigenous populations (all of which are called microenterprises - MEs for the purposes of this report) and local NGOs, leading to economically empowering "the poor majority". This, in turn, will increase their income and assets, generate productive employment, increase their skills and productivity, enhance the development of their entrepreneurial and managerial abilities, and facilitate the development of their grass roots organizations into strengthened agents of change able to effectively contribute to economic democracy.

The Project consists of three components: (a) a market access services component to help identify ME products and services with market demand and establish business linkages between MEs and potential buyers; (b) a technical assistance component to provide assistance to those MEs identified for Project support to improve their productivity and competitiveness in order to increase their incomes and employment rapidly; and (c) a credit component which will manage anti-poverty lending funds, design and test the use of a model rural banking institution, and leverage other donors' and NGOs' credit services.

IV. PROJECT STATUS

In May 1994, USAID/Peru presented for USAID/W's approval a New Activity Description (NAD) containing the necessary modifications to transform the ETD Project, which was found to have more than 70% of its subprojects already assisting the "poor majority", into MSP. The approval was granted in June 1994, and the Mission was delegated authority to approve an amendment to the PP and the Project Authorization. Project Authorization Amendment Three and Project Paper Amendment Three were approved by the Mission on September 27, 1994.

Amendment Three to ADEX's CA was signed on September 29, 1994 to reflect its new responsibilities. Anti-Poverty Lending Subagreements were also signed by ADEX with the Peru branches of CARE, CRS and FINCA. The centrally-funded APPLE Project contributed \$1.0 million of additional funds for this purpose to be matched by MSP Project funding.

The Grant Agreement with IESC, which was reduced to \$400,000, ended on September 30, 1994. An evaluation of IESC's activities during its three years of operation under the ETD Project is currently being carried out. Close-out procedures pertaining to the IESC Grant will be undertaken during the next semi-annual period.

A. ROPS: Progress To Date

ETD Phase:

1. **\$215 million increase in non-traditional export earnings.**
ETD directly generated a \$3.8 million increase in exports in the agriculture and fishing sectors influencing a \$25.0 million export growth in the same sectors.²
2. **21,000 workers employed.**
1,683 (55% women) new jobs were created, 50% of them in the fishing sector due to increased production. ETD allowed 5,000 jobs to be secured in the fishing sector which would have been lost if the HACCP sanitary and quality assurance system had not been introduced by ETD.
3. **An enhanced local export promotion services capacity created.**
ADEX's Information Center (CID) extended its services to non-member institutions/companies. The Arbitration Center in the Lima Chamber of Commerce consolidated its activities and is providing advice to other Chambers of Commerce for the creation of new arbitration centers. Several grass roots institutions such as Fundación Hualtaco in Piura, IDAL in Lambayeque, and Fundación Atavicha in La Libertad have started to provide services to their members with an export orientation.
4. **At least three non-traditional export products are being exported from the Upper Huallaga Valley or other coca growing areas.**
Assessment of potential to develop Malaysian shrimp in the San Martin area has been completed. Baseline data was collected from members of the Asociación de Acuicultores de San Martín (ACUASAM).

MSP Phase

1. **36,500 jobs created (full time and seasonal).**
MSP experimental activities in the agriculture sector have provided more than 5,000 workdays (35% of them for women). Current activities in the handicrafts sector involve income increases for 5,000 craftspersons and in the agriculture sector for more than 6,000 smallholder farmers.

(a) AGRICULTURE

(i) Pulses and beans: recent harvest of 9 hectares used as experimental plots to produce seeds generated 571 seasonal workdays for men and 206 for women. After harvesting, the seeds were selected, classified and multiplied, and form part of the seed bank that MSP is developing.

(ii) Onions: small growers' associations located in Supe, Barranca and Arequipa have planted 63 hectares with a commercial variety of sweet yellow onion, and successfully exported to the US last year. Preparation and maintenance of seedbeds and subsequent

² Export growth is a process which has a germination period and therefore requires some time to develop momentum and demonstrate impact.

transplants generated 2,711 workdays (1,650 correspond to women).

(iii) Garlic: to insure quality seeds that are resistant to nematode attack, an NGO has worked with growers in the Tambo Valley (Arequipa) providing "hot dip" treatment to garlic seeds obtained from 48 hectares earmarked for this experimental phase. Application of this treatment and the preparation of 1 hectare with "clean" seed generated 63 and 336 new seasonal workdays for men and women respectively.

(iv) Key lime: to control nematodes through 5 different treatments, experimental plots were installed in various orchards owned by individual growers in Chulucanas (Piura) generating 278 workdays for men.

(v) Mango: flowering induction program introduced in 7 different orchards in Piura required 795 workdays for men.

(b) **HANDICRAFTS**

(i) A knitwear expert evaluated sweater production by 15 small producers in Lima and at 10 workshops in Arequipa that use a total of 1,000 knitters. Problems with product development were identified. Reduction of the number of production lines and specializing in high value-added products was recommended.

2. Increased sales of MSP-assisted clientele by \$150 million

(a) **HANDICRAFTS**

(i) Seven US importers ordered \$64,560 in sample orders from 21 small handicraft exporters who represent 5,000 artisans. This should translate into \$2 to \$3 million in annual sales.

3. More than 100 new markets/customers developed.

(a) **HANDICRAFTS**

(i) A visit to the August '94 New York Gift Show by MSP consultants and technical experts produced a firm commitment for small Peruvian handicraft exporters to show their work to exhibitors at the next Show in January '95. The team also reviewed and arranged for exhibition space.

(ii) The MSP team met with representatives and designers of U.S. PVO Aid to Artisans to prepare them for a visit to Peru to provide technical assistance.

(iii) A study has begun on a handicraft development project for artisan communities in the Pacaya-Samiria Natural Reserve in the central jungle in northeastern Peru.

4. 25 MSP-assisted grass roots organizations providing improved services to their members.

(a) **AGRICULTURE**

(i) 800 small cacao growers located in the northeastern Cajamarca and Amazonas coca producing areas established their association with MSP assistance. They expect to make volume purchases of fertilizers and pesticides, as well as negotiate better prices for their crops.

(ii) A subagreement was signed with the Potato Seed Producers Association in the coca out-migration area of Andahuaylas, in south-central Peru, where 38 small growers will increase production of seeds by using new technology and improved quality control practices. Grouping input purchases will further reduce production costs. These small producers will in turn engage the services of 5 neighboring peasant communities (approximately 750 families).

(iii) As a result of leveraging contacts with institutions and other donors, ADEX signed a subagreement with the European Union (EU) establishing an important site for bean production at the Majes Irrigation project in Arequipa. During 1995 the EU will provide credit for 500 hectares (\$300,000). There are over 1,000 small growers with potential to cultivate 5,000 hectares with beans. The objective of the EU project is to improve production techniques and outputs, and assist growers by forming small, democratically-organized associations by product in order to consolidate their production to sell in large volume, and obtain greater access to international markets.

(iv) A subagreement was signed with the Center for Development Research and Education (CIED) to undertake activities in sweet yellow onion and garlic in the Tambo Valley, Arequipa. Farmers have been organized into seven small groups, of 15 members each, to work in specific sectors of the Valley.

(v) A subagreement has been signed with Fundación Atavicha, a growers association from the Virú and Chao valleys in Trujillo, La Libertad. Atavicha will be the focal point in the development of the asparagus program, under which new varieties will be adapted and new techniques to improve productivity of cultivars will be introduced.

(vi) A subagreement was signed with the National Seed Commission (CONASE) to support its network of 9 local seed certification committees (CODESEs). Furthermore, with multi-sectoral support from various local organizations, a CODESE was established in Andahuaylas to certify potato seed. Owners of more than 300 hectares have already registered for certification. With MSP assistance, Arequipa's CODESE will certify bean seeds in the Majes valley.

(vii) In the Tumbes region, the EU is funding a program to develop agricultural production in an irrigation project benefitting 140 small producers. During 1995 the EU will provide credit for 500 hectares (\$250,000). MSP is training 12 smallholder farmer leaders in improved bean production for the EU program and providing technical assistance to another 70 farmers who are starting trial plots for the bean varieties MSP has introduced in Peru.

5. The productivity and sales of at least three products from both the Sierra and the Selva regions increase due to MSP assistance.

- (a) A subagreement has been signed with potato seed producers in Andahuaylas. Production and quality improvements will be shared with neighboring peasant communities contributing to increase their income as well. The potato program will also be carried out in Huancavelica.
- (b) Coffee and cacao producers in the out-migration area of Jaén and in the coca producing areas of Chanchamayo and Quillabamba are receiving MSP assistance to improve their productivity and incomes.
- (c) A study on the export potential for 15 Sierra products is underway to select those products which could most benefit MSP's client base.
- (d) A program is being designed to provide technical assistance and market opportunities for palm heart growers.
- (e) A program to support alpaca fiber trade, improve production and identify counterparts is being designed by Grupo de Apoyo para el Desarrollo (GRADE).

B. MAJOR OUTPUTS: Progress To Date

1. Increased productivity and competitiveness of microentrepreneurs, small producers and smallholder farmers (ME clientele).

(a) **APPAREL**

(i) Clothing: Development of an overall program for the apparel sector is underway, with the establishment of a framework for the program. An audit of participating microenterprises was completed in September to develop the framework. An MSP expert went to Colombia to visit seven organizations that had success working with apparel microenterprises. MSP also contracted a Colombian expert to conduct an evaluation of apparel microenterprises in Peru and design an appropriate program for the MSP. 16 MEs have been evaluated. Meanwhile, the Project began providing technical assistance directly to apparel MEs.

-- A Peruvian pattern-making expert trained by an MSP-contracted expert from the Fashion Institute of Technology in New York taught a course on making ready-to-wear apparel to microentrepreneurs from Villa El Salvador, one of Lima's most important low-income areas.

(ii) Footwear: A Brazilian expert visited a major shoe production center in Trujillo and met with individual shoe producers in the El Porvenir district to explore organization alternatives. MSP will cooperate with the Ministry of Industry in establishing advisory, technical and marketing services in this area which would contribute to increased productivity and sales.

(b) **ARTISAN GIFTWARE**

(i) Seven handicrafts experts came to Lima in September to evaluate handicraft microenterprises, and trained artisans in design, color and style for new lines. The experts developed designs which will be presented to exhibitors at the New York Gift Show in January 1995.

(c) **NEW PRODUCTS FROM THE JUNGLE AND THE SIERRA**

During the period of increased terrorist activity, coffee and cacao plantations, which grow in the same areas as coca, were abandoned. Now that small producers are returning to the area, MSP activities are focussing on upgrading those plantations that already exist and which, with a small investment, can become productive again.

(i) Coffee: Technical experts have provided hands-on training to 100 smallholder coffee producers located in the central and northeastern jungle areas. Training will help them increase yields and, by working together in an organized manner, growers will be able to obtain better prices for their crops.

(ii) Cacao: Experts have evaluated the northeastern jungle area for actual and potential capacity for cacao production. Studies are underway on marketing alternatives to obtain better prices. Meanwhile, MSP activities such as the preparation of experimental plots to improve current production practices and yields and the installation of simple postharvest treatment facilities (fermentation tanks) will help with product handling and thus improve final quality. A Brazilian expert held three workshops attended by 450 smallholder cacao farmers in Bagua, Utcubamba and Jaén valleys of the northeastern jungle.

(d) **AGRICULTURE**

(i) Beans and pulses: Two seed production centers have been established in Piura and Lambayeque to supply all other program locations with seed and insure their sustainability. Four different varieties (2 black-eye beans, large and baby lima beans) have been fully tested and adapted to local conditions with excellent yields. Testing with other varieties (chick peas and kidney beans) continues. 19 out of 26 small growers who received special training on seed production are already producing the seed required by the centers located in Piura and Lambayeque.

(ii) Onions: By assisting in the establishment of sweet yellow onion cultivars in Supe, Barranca and Arequipa, MSP has accomplished a 50% reduction in the amount of seeds required per hectare and a 30% increase in the number of onion plants produced from a seedbed. Both have significant relevance in terms of cost reduction, enabling producers to become more competitive.

(iii) Garlic: Using very simple, locally developed equipment, a "hot dip" treatment against nematode infestation was applied to garlic seeds in the Tambo Valley, Arequipa. 48 hectares have been sown with the treated seed. These experimental areas will allow MSP to have concrete indicators on yields and product quality, and thus use the treatment on a larger scale. 5 technicians were evaluated and trained in how to handle and analyze garlic samples to detect nematode infestation. A professor associated with the

University of California has completed the blueprint for a "hot dip" unit which will be used to treat garlic seed.

(iv) Asparagus: Production areas in the valleys of Chao and Virú, Trujillo were evaluated to determine the conditions of asparagus cultivars, many of which are made up by very old plants. Results will allow the determination of which cultivars will be removed completely and replaced by other crops (such as corn), or which have rehabilitation potential. Different improved asparagus varieties from the U.S., Spain, Holland, France and Taiwan have been planted by Atavicha (growers association) to test their adaptability. Similar tests are being conducted in Chinchá, Ica and Arequipa.

(v) Key limes: To improve production yields 100 smallholder farmers in Chulucanas and Motupe attended two workshops on key lime production techniques. Nematodes are causing dramatic yield reductions. 4 small growers participated in a special "nematode treatment" program using 5 different techniques developed by the Project to eliminate nematodes; each treatment has a different cost. The results of these experiments will determine the type of technical assistance MSP will provide key lime growers.

(vi) Mango program: Comparative experimental studies were made on different types and formulations of chemicals used to induce mango flowering. This is done to avoid large yields one year, followed by extremely poor ones the next year. Trials are closely monitored and initial results will be available during the upcoming harvest starting in November. Flowering induction is being used with both export (Haden and Kent) and native varieties (Chato and Rosado).

(e) COMMUNICATIONS

(i) A weekly radio program -the Exporter's Voice-, sponsored by the Project, provides an up-date on technical information (from what crops to plant to current problems involving exports) to an audience of approximately 1.5 million persons, many of which are small farmers and microentrepreneurs located in the Sierra, the Selva and the coastal valleys. 55 radio stations presently broadcast the program. Requests made by other radio stations that wish to participate in the program are growing constantly. No additional cost to the Project, except mail delivery of cassettes, are charged.

2. Increased market access possibilities for ME clientele.

(a) 270 smallholder farmers attended workshops on bean and pulses quality standards required for export and marketing opportunities in Piura, Tumbes, Lambayeque, La Libertad and Arequipa. Many of the participants follow closely Project related activities and have become important supporters of MSP activities in their valleys.

3. Increased services available for ME clientele in ADEX and grass roots organizations.

(a) CID

(i) The CID has accumulated 1,150 publications covering tariffs, markets statistics, markets studies and profiles. That number also includes directories. It also has collected 97 titles of daily, weekly and monthly publications with information on products and pricing.

(ii) The computer network has 255 MB of data on market statistics, marketing opportunities and fashion trends, and 870 MB of CD-ROM data on international trade.

(iii) The CID served 2,560 clients during the reporting period. Users broke down into the following categories: 52% entrepreneurs; 23% ADEX staff; 7% researchers; 18% other. (Approximately 70% of the entrepreneurs who used the CID are not members of ADEX).

(iv) Since May 1991, the electronic bulletin service received 15,423 calls, 910 messages and downloaded 1,506 files. At least 128 users have been registered so far.

(b) THE MONITORING SYSTEM

(i) Methodology has been defined and, following review of the original data collection forms, control variables of income and employment were added to the formats.

(ii) Terms of reference were developed and a local consulting firm selected for undertaking a baseline survey of the handicrafts program. This survey will help ascertain the income, sales and employment levels of approximately 5,000 artisans.

(iii) The MSP decided to conduct a census among all handicraft workshops that are related to MSP activities instead of surveying just a sample. Six-month follow-ups also will be done with every single participant to accurately measure results. Individual results will be aggregated to measure overall MSP results of the handicrafts program.

(iv) A software module for entering baseline data is being developed for agriculture and handicraft projects. The module's design will reflect the need to use the same format for all sectors.

(v) The principal monitoring system has been altered to reflect changes in monitoring objectives. Those changes are now reflected in the related software.

- The system is now prepared to handle intake of baseline data for each sector and program, and generate reports on changes in income and employment control variables.

- Baseline data has been collected and evaluations by the MSP are underway on the following:

2,058 coffee producers from the northeastern, central and southern regions of Peru.

100 palm heart producers of the Cooperative "El Pimental" and the Palm Heart Growers Committee in Pucallpa.

704 cacao producers in the northeastern jungle region of the country.

38 smallholder farmers from the Potato Seed Producers Association in Andahuaylas, a coca out-migration area.

- Baseline data has been collected by the related NGOs and is being analyzed in programs for the following crops: key limes, onions, garlic, mangoes, beans, asparagus.

4. Improved financial services available for ME clientele.

(a) The European Community has agreed to provide credit guarantees for qualified smallholder farmers who will participate in the dry bean program at Majes.

(b) PVOs CARE, Catholic Relief Services and FINCA signed subagreements for a total amount of \$1.6 million to provide more than 9,000 women on the coast and in the Sierra with credit (up to \$300 per person).

(c) A study on new sales strategies for the direct export of coffee is under way to stimulate financing.

5. Improved policy and regulatory framework for microentrepreneurs, small producers, smallholder farmers and their grass roots organizations.

(a) Senior MSP personnel over the last six months have had several discussions with COPEME, the NGO consortium of 46 NGOs working with small and microenterprises, to analyze the problems and constraints that affect these producers currently.

(b) MSP is also working on developing a mechanism for keeping abreast of the key legislative issues that have an impact on the microenterprise subsector. MSP will collaborate with the Ministry of Industry in the establishment of the Micro and Small Enterprise Council. Other donors and ME related institutions have expressed their interest in participating in such a Council.

C. Other Accomplishments and Overall Status

1. ETD Remaining Activities

(a) The Fishing Industry component, which was eliminated from the modified Project because it did not coincide with the new Project objectives, continued to generate results during the past six months, including substantial expansion of existing fishing enterprises, the creation of over 800 jobs (more than half for women), and an increase of \$1,250,000 in export earnings. For example, the establishment of one new freezer plant and two new frozen products plants created 510 new jobs. In addition, the foreign investment group INFOODCO, which was attracted to Peru because of the HACCP program, has established two fishing enterprises that will generate 200 jobs. This growth trend in the Peruvian fishing industry is expected to continue as the HACCP program is further implemented.

(b) The Export Sector Panel had its final meeting in June 1994. Just a few remaining activities are covered under MSP:

(i) The study contracted for the design of an internationally acceptable tax drawback system was completed and presented to the Minister of Industry in August 1994. The GOP is currently evaluating its feasibility under GOP's fiscal austerity policy. The study demonstrates that with a low investment in the system (\$67 million), an increase in exports for the first year of over \$200 million would be accomplished.

(ii) The nine-month first phase of the "Proyecto Empresarial Peruano" (PEP), which is a private sector-led three-phase study of Peru by geographic zones, directed to examine potential in various sectors of the economy (agro-industry, energy, fishing, mining, forestry, tourism and handicrafts) will be finished in November 1994. The first two reports have been presented. The final results of this study, which is being carried out in cooperation with the Confederation of Private Peruvian Entrepreneurial Institutions (CONFIEP), will be presented to several audiences (entrepreneurs, members of Congress, press, etc.) during December 1994 and January 1995. A nationwide television transmission of PEP's final results is planned for February 1995. Bilateral and multilateral donors will be invited to participate in financing PEP's second and third phases.

(iii) ETD-MSP support of the Lima Chamber of Commerce's National and International Arbitration Center will end in December 1994. However, the Inter American Development Bank (IDB) has already approved a grant to support the Center for two more years. A program to establish arbitration centers in other important cities of Peru was included in the IDB grant.

(c) The Agro-Exports Fund established in agreement with COFIDE (GOP's second-tier financial institution) with the allocation of \$3 million of Title III funds and a \$7.0 million contribution from COFIDE, started its operations during the reporting period. To date, 11 projects have been approved for a total of \$6.3 million. COFIDE has disbursed \$2.5 million from the agro-exports fund and private financial intermediaries have contributed with the remaining \$3.8 million.

2. Women in Development

Within MSP's microenterprise activities, apparel-making and handicrafts are very intensive in feminine labor. Most, if not all agricultural activities, particularly in terms of harvest and postharvest treatment have high degree of participation of women. Furthermore, MSP has allocated a portion of its budget to match USAID/W Anti-Poverty Lending Matching Fund Project (APPLE) resources for a total of \$1.6 million. Through three highly specialized PVOs (CRS, CARE and FINCA), credit will be made available to disadvantaged women in the poorest areas of Peru, especially in the Sierra. It is expected that these anti-poverty lending programs, will benefit more than 9,000 women using the "village banking" model (community group/solidarity lending). However, it

should be pointed out that in the first instance MSP does not select products to assist because of gender considerations but because of market demand for a specific product produced by low income producers.

3. Restrictive Legislation Analysis

Based on the RIA's June 1994 recommendation that periodic assessments should be performed to ensure that the Project not risk violating restrictive legislation, USAID requested that MSP's IC conduct an intensive analysis on the products MSP plans to promote. The products under analysis for compliance with the Bumpers and Lautenberg Amendments were: citrus aurantifolia (key lime fruit, key lime oil and juice); onions; fresh garlic; canned, fresh and chilled asparagus; fresh, pulp, concentrated, and chilled mango; dried beans; coffee; cacao including cocoa butter, paste, and powder; apparel; footwear; and handicrafts. The analysis was completed determining that the products/markets MSP is promoting do not compete with U.S. production.

4. Motupe Caja Rural

The Cooperative Agreement with ACDI/TechnoServe to assist the creation of the Motupe Caja Rural (rural bank) was initially delayed due to difficulties in the selection and contracting of the Chief of Party (COP) and key professionals that will reside in the project area. This MSP element is now under full implementation. The Caja Rural has now secured the minimum level of funding required to be able to request authorization to operate from Peru's corresponding authorities. Attention is currently focussed in the organization and capitalization of the Caja Rural as well as in the organization of small farmers into agro-enterprises. By the end of this reporting period, more than \$250,000 in Caja shares were sold to the community, constituting the necessary initial capital. Legal and technical documents are being prepared to immediately request authorization from the Superintendency of Banks and Insurance to start operations of the Caja.

5. Environmental Protection Program

The work plan for the program for Environmental Protection and Correct Pesticide Usage was completed and cleared within USAID/Peru. The final report, including activities performed under the ETD phase and the work plan for 1995-97, was forwarded to USAID/W for final clearance. The first four conferences of the program's MSP initial package (motivational) were held in Tumbes, the San Lorenzo and Chulucanas districts in the department of Piura, and Chiclayo. 235 small farmers attended these conferences.

6. Pipeline

Planned and accrued expenditures have increased significantly. Project implementation is being accelerated to secure results within the LOP. Notwithstanding several unanticipated political events, the Project has steadily improved its expenditure rate since late 1992. The fact that a Project Coordinator was contracted to be exclusively dedicated to the Project contributed to this improvement. Project expenditures have increased from \$1.1 million in FY 93 to \$4.5 million in FY 94. Expected expenditures of \$7.5 million for FY 95 and \$7.5 for FY 96 would take the Project to full implementation level and consistent with LOP funding.

D. Problems and Delays

1. Future funding for MSP is problematic given reductions in ESF resources and earmarks in DA funds leading to severe constraints in discretionary resources. These problems have surfaced at a point in MSP implementation when its expenditures increased 300% from \$1.1 million in FY 93 to \$4.5 million in FY 94. ORD estimates that MSP should be able to increase Project expenditures to \$7.5 million in 1995 if resources are made available. As it stands now, MSP will run out of funds in 1995 if no additional resources are provided, effectively closing down the Project. Additional resources need to be secured from USAID/W for MSP, especially in view that microenterprise is one of the Administrator's top priorities. It is ironic that these problems arise at a point when it is poised for "take-off" having established subagreements with various counterparts throughout Peru, including the poorest areas of the Sierra and Selva and has established a solid foundation in terms of methodology and implementation procedures to effectively assist Peru's "poor majority".

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

1. ADEX's MSP work plan for CY 1995 will be presented for approval in mid-November.
2. Technical assistance furnished under USAID/W's microenterprise project "GEMINI" is expected late November-early December to review several aspects of MSP design and implementation procedures.
3. An evaluation that will assess MSP's consistency with USAID's new strategies after five-six months of full MSP-implementation will be carried out in FY 95 second quarter. The SOW will be finished in early December. It is expected to have an evaluation contracted and working in Peru no later than March 1995.
4. USAID will develop a microenterprise coordination policy "non-paper" for the Ministry of Industry setting out recommended parameters on how the Ministry can better coordinate microenterprise initiatives in Peru of NGOs, donors and other groups.
5. Baseline data for all the MSP-assisted products will have been gathered. MSP impact will be measured on a semi-annual basis.

M:\ORDTMU\EDUARDO\FY94-2ND

IV. PROJECT STATUS

The Project was reoriented in May 1994 on the basis of a "shake down" evaluation. The Project Cooperative Agreement was revised to emphasize NGO institutional strengthening rather than project development, and PACT responsibilities for Title II oversight were eliminated. The PMU now has an approved Strategic Plan and a Global Plan (Operating Plan for the LOP). Also, the Annual Operating Plan for FY 95 has been presented according to the refocus of the Project on institutional strengthening.

Agreements have been signed for the implementation of 16 projects: 2 for health, 4 for micro-enterprises, 8 for agriculture and rural development, and 2 for institutional strengthening, for a total amount of US\$3,144,889 with 14 NGOs and 2 NGO consortia that involve 30 NGOs from Ayacucho and Cajamarca. Project will be concentrating on institutional strengthening in FY 95 to prepare proposals for FY 96.

Monitoring and evaluation systems have been developed, following the Logical Framework focus, for each project in the sub-grant program. Also, instruments to gather baseline information to measure NGO institutional strengthening progress and the progress of the sub-grant program have been formulated.

Initial disbursements to the projects in the sub-grant program have been made, as well as supervisory trips to the areas where projects are being implemented. Workshops and seminars in administration, financial management and specific courses in technical subjects (e.g., integrated pest management and rural credit) have been planned.

The original Chief of Party (COP) of the Project resigned in June. The Mission participated in the selection of the new COP, who will assume his duties on October 4.

A. PLANNED EOPS

The Logical Framework of the Project contains the following:

PROGRESS TO DATE

1) 210 NGOs institutionally strengthened.

1.1) 60 NGOs at the strongest level of development increase their institutional strength index by an average of 20% , measure based on:
a) organizational identity,
b) organizational resources,
c) organizational capability,
d) external relations.

1.2) 90 NGOs at the medium level of development increase their institutional strength index by 30%.

1.3) 60 NGOs at the weakest level of development increase their institutional strength index by 50%.

2) 100% of the economic and marketing activities promoted by the NGOs through the sub-grant program operate without subsidy upon completion of the Project.

3) 30 NGOs reach 90% of the results stated in their projects financed by the sub-grant program, with decreasing unit costs upon Project completion.

4) 6 NGO consortia increase their institutional strength index by 50%.

1.1) 6 NGOs have increased their institutional strength index by 12%.

1.2) 18 NGOs have increased their institutional strength index by 16%.

1.3) 6 NGOs have increased their institutional strength index by 12%.

2) Too early to measure.

3) Too early to measure.

4) 2 NGO consortia have increased their institutional strength index by 20%.

94

B. MAJOR OUTPUTS

OUTPUTS:	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. 60 NGOs of the first level of development have formulated their vision, mission and institutional strategy, and have made the same number of local development proposals.	60	--			7	7	12
2. 45 district coordination groups functioning with the active participation of 60 NGOs at the first level of development.	45	--			5	5	9
3. 45 development plans prepared by district coordination groups.	45	--			0	0	0
4. 210 NGOs have increased their technical and planning capacity for implementation of sustainable development projects.	210	--			30(*)	30	14
5. PACT finances 30 of the best project proposals formulated by the 210 NGOs trained, for a total amount of \$5.75 million.	30	15			14	14	46
6. PACT cooperates with other sources and obtains financing of 30 of the best project proposals by the 210 NGOs. In 1995, 4; in 1996, 6; in 1997, 10; and in 1998, 10.	30				0	0	0
7. 45 NGOs benefiting from the Project have extended their coverage to new areas, targeted as key sectors of the country.	45	4			4	4	9
8. At least 30 NGOs have diversified their financial sources, working with at least one financing source other than the Project.	30				0	0	0

(*) 30 NGOs involved in the sub-grant program are improving their technical abilities through two institutional support projects financed by the consortia COINCIDE y CIDRA and by the institutional support activities that PACT is implementing.

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS:

A "Shake Down" evaluation conducted after the first year of the Project made the following recommendations which have been accomplished: a) Reorient the Project to focus on institutional strengthening with the sub-grants, instead of a focus on development projects; b) Withdraw PACT support responsibilities for the PL 480 Title II Program; c) Formulate Project documents such as a Strategic Plan, Global Plan and Annual Plan, prior to the reinitiation of Project activities; d) Reorient the organization and administration of the PMU to implement the new proposed focus.

Fifteen of the sixteen sub-grants are being implemented by NGOs in four of the poorest departments of the country (Huancavelica, Apurimac, Ayacucho, and Cajamarca) have approximately 90% of the total amount committed to date. Two of the sub-grant projects exclusively target 1,560 women. The sectoral composition of the 14 sub-grant development projects covers approximately 18,000 families and is divided: 15% in health, 20% in micro-enterprises and 65% in agriculture.

Workshops and courses were presented for the institutional strengthening of 30 NGOs that are implementing the sub-grant program as follows:

95

Activity	PARTICIPANTS			Training Site	Duration
	Male	Female	Total		
Workshop on Logical Framework	25	1	26	Cajamarca	3 days
Workshop on Logical Framework	29	5	34	Ayacucho	3 days
Course on Management and Accounting	25	11	36	Cajamarca	5 days
Course on Management and Accounting	35	7	42	Ayacucho	5 days
Workshop on Rural Credit	37	4	41	Cajamarca	3 days
Workshop on Integrated Pest Management	36	4	40	Cajamarca	2 days

To enhance monitoring capabilities, baseline information collection was designed for the sub-grant program, and computer and fax equipment was purchased for 4 participating NGOs and 1 consortium in Ayacucho and 4 NGOs and 1 consortium in Cajamarca.

D. PROBLEMS AND DELAYS

Prior to June, the preparation of the Strategic Plan, Global Plan, and Annual Plan were considerably delayed due to the resistance of the COP to carry out these activities. With the arrival of his replacement in October, the implementation of the Project and of the recommendations of the "shake down" evaluation should be considerably accelerated.

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

1. Approval of the FY 95 Annual Work Plan.
2. Take action on the Monitoring and Reporting System SISEPAD of the USAID/Peru Food for Development Program, applying it to the NGO sub-grants approved under the PVO Support Project.
3. Initiate the institutional strengthening activities and request and process the best proposals from the participating NGOs with PL 480 Title III funds and from other funding sources.

M-ORDFLD-20/SARPACT

IA. BACKGROUND DATA

Project Title: Integrated Pest Management for Andean Communities
 Project Number: 527-0372
 Date of Authorization: 09/22/93
 Date of Obligation: 09/23/93
 PACD: 09/30/96
 Implementing Agencies: CARE/Peru
 Major Contractors: N/A
 AID Project Officer: Edilberto Alarcón
 Status of CPs/Covenants: N/A, PVO Grant
 Date of Last Evaluation: None Next Evaluation: 05/95
 Planned Number of Non-Federal Audits during Fiscal Year: None
 The Number of Such Audits Contracted for/Completed: None
 Date of Last Audit: None Next Audit: N/A
 Audit (type A-133) is the responsibility of FA/OP
 Approval of 1994 Work Plan: 2/4/94 1995 Work Plan: 12/94

1B. FINANCIAL DATA

Amount Authorized:	DA Grant:	\$700,000
Amount Obligated:	DA Grant:	\$700,000
Amount Committed:	Period:	\$ 0
	Cumulative:	\$700,000
Accrued Expenditures:	Period - Projected:	\$201,000
	Period - Actual:	\$152,089
	Cumulative:	\$214,089
	Period-Next (10/94-3/95)	\$160,000
Counterpart		
Contribution:	Planned:	\$428,616 (in-kind and cash)
	Actual:	\$641,500
% LOP Elapsed:		33.7
% of Total Auth. Oblig.:		100.0
% of Total Oblig. Exp.:		30.6
% of Total Auth. Exp.:		30.6

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: The Project supports Strategic Objective No. 2: Broader-based, Sustainable Economic Growth by reducing the use of agro-chemicals and potato crop losses, while increasing crop productivity and household income of rural families in four Andean departments.

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

IIB. PROJECT PURPOSE

The purpose is to increase the food security and household income of 3,500 smallholder families in four Andean departments through the reduction of physical and monetary crop losses due to the Andean potato weevil and potato tuber moth.

III. PROJECT DESCRIPTION

The Integrated Pest Management for Andean Communities (IPMAC) Project is being implemented in Cajamarca, La Libertad, Ancash, and Puno to support 3,500 families (currently living at subsistence levels) from 114 mountain communities in the establishment of a sustainable integrated pest management (IPM) program. The Project, a three-year activity, is being implemented by CARE/Peru with the assistance of the International Potato Center (CIP). This activity has an estimated total cost of \$1,128,616 including the USAID grant of \$700,000.

The above-stated Project purpose is being accomplished through the following major areas of concentration:

- (1) Dissemination of the integrated control practices developed by CIP in a step-by-step approach to Andean farmers participating in four ongoing CARE projects.
- (2) The introduction of the IPM concept in participating communities to provide an overall framework for promoting economic and non-chemical responses to crop pests.
- (3) Community management of the propagation of biological control agents to ensure sustainability of the practices introduced.

The principal Project activities include: the training of CARE field agriculturists and extensionists in IPM; the training of farmers in pest identification and control options; the propagation of biological control agents in community multiplication centers; and the implementation of appropriate pest control practices and monitoring of pest populations. Smallholder groups will guarantee significant women's participation and management within Project activities, particularly in terms of biological control agent propagation.

IV. PROJECT STATUS

During the SAR period, CARE and the International Potato Center (CIP) signed an agreement for technical assistance, backstopping and related services; farmer-oriented posters and bulletins were validated and disseminated; a video clip on insects' lifecycle was developed

91

and is currently in the final stage of validation; and farmers experienced the first pilot-level applications of the entomopathogenic Beauveria fungus and Baculovirus.

A. EQPS

	<u>Planned EQPS</u>	<u>Progress To Date</u>
1.	20% reduction in physical crop loss due to two potato pests	Too early to measure
2.	40% reduction in monetary loss caused by pests, and in pesticide application	Too early to measure
3.	2,800 households incorporate into their regular agricultural practice at least two different pest control measures	430 farmers have treated stored potato seed with Beauveria fungus and Baculovirus
4.	Per capita incomes increase at least 20% in Cajamarca, Ancash, and La Libertad	Too early to measure
5.	Participants' food security increases	Too early to measure

B. Major Outputs

	<u>Planned</u>				<u>Accomplished</u>		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. CARE field agriculturalists and extensionists trained in IPM	52	0	52	0	0	57	114
2. Community members, at least 50% of them women, trained in propagation of biological agents	32	0	0	16	0	0	0
3. Smallholder farmers of both sexes trained in IPM, including pest biology, field recognition, pest control strategies and implementation of control practices	3,500	1,400	1,400	900	1,640	1,640	47
4. Functioning multiplication centers for biological control agents, managed by communities	8	0	0	6	0	0	0
5. Insect demonstration kits containing dissected pest insects as well as their natural enemies prepared	118	0	114	0	0	114	97

C. Other Accomplishments and Overall Status

The Project's logical framework was adjusted according to USAID's new guidelines. Field staff is increasingly becoming acquainted with the impact-focused project monitoring system. The next release of printed materials, a poster and bulletin on safe handling and adequate care of pesticides, is under preparation and will be disseminated in October 1994. CARE, CIP and the USAID Mission were contacted by the Integrated Pest Management Working Group (IPMWG), a representative of which visited Project field sites and provided positive comments on the progress accomplished by the Project as well as the quality of extension materials. CARE was invited to deliver a presentation to the next IPMWG meeting for South America, to be held in Ecuador in November 1994.

Gender Considerations

As was confirmed by the Project's baseline study, women assume major responsibilities in potato harvesting, seed selection and sowing. Since these stages are particularly critical with regard to the dynamics of the Andean potato weevil and tuber moth, and hence for non-chemical control practices, it is important for the Project to ensure that its training messages effectively reach women. As a result, Project staff validated draft training

materials (posters, bulletins and video tape on pest insects' lifecycle) with focus groups consisting of men, women and school-age children separately.

Some of the outcomes of the validation are remarkable: as expected, many (older) women are illiterate and have difficulty in reading the printed text of the bulletins. However, they recommended to not take out a single word of these, arguing that it is no problem for them to have their children explain the texts they cannot read by themselves. Similar were their comments with regard to the posters, where the great majority of women preferred the version with one-phrase comments below each photograph, rather than the alternate design without text at all.

A differentiated response by gender was noticed with regard to the combined use of different training materials. Typically, the draft versions of posters and bulletins on the lifecycle of pest insects were validated in April, and the video tape on the same subject in September. While both men and women reacted positively to all materials, female focus groups almost unanimously expressed the value of recapitulating the information of the posters and bulletins before and after the video tape was shown. According to their testimonies, the combination of still images on the printed materials and afterwards the same insects moving on the monitor led to better understanding. In contrast, men were generally impatient to see the video tape, and not interested in a group reading session aimed at recalling the information that had been delivered several months before. Men said they had easily retained that information, probably due to greater literacy.

In light of this observation, the Project will approach women with specific training sessions, during which the materials available will be used in different combinations.

Asked why people find the Project's materials and training sessions relevant, men and women responded differently. Whereas men tended to emphasize the importance of learning new facts -- the cognitive aspect --, women underlined the applicability of the issues learned. The difference can be illustrated by one woman's comment: "in order to combat the cc'aracasaca (Quechua word for the weevil larvae), we have to know how our enemies live."

D. Problems and Delays

The video production on the biology and behavior of the potato tuber moth was delayed since, unlike average years, the excessive rainfall suppressed the proliferation of the moth in crops and warehouses of all Andean departments. The recording could only be completed in September, after several months of continuous dry weather, and consequently the editing of this video clip and its validation were postponed.

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

- Farmers will start applying IPM techniques in the next potato production cycle starting on October-November 1994.
- Complete the validation of the video clip and insect biology and recognition, and start massive dissemination.
- Design, validate and disseminate posters and bulletins on safe handling of pesticides, as well as non-chemical pest control practices.
- Initiate the implementation of eight community-managed microenterprises for the production of entomopathogenic, biological agents. This includes the selection and training of community members in charge of these enterprises, economic analysis of costs and benefits, and the actual constitution of profitable enterprises. In all, this activity is likely to become the major challenge of the entire Project.

IA. BACKGROUND DATA

Project Title: Participatory Land Use Classification and Sustainable Economic Development in Human-Impacted Areas of the Tambopata-Candamo Reserved Zone

Project Number: 598-0780
Date of Authorization: 03/07/90
Date of Obligation: 09/30/93
PACD: 09/30/95
Implementing Agencies: FADEMAD (Federación Agraria Departamental de Madre de Dios)
Major Contractors: N/A
AID Project Officer/Manager: Edilberto Alarcon
Status of CPs/Covenants: N/A, PVO Grant
Date of Last Evaluation: None Next Evaluation: Evaluation is responsibility of LAC/DR/E

Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of such Audits Contracted for/Completed: None
Date of Last Audit: None Next Audit: 03/95
Approval of 1994 Work Plan: 12/28/93 1995 Work Plan: 12/94

1B. FINANCIAL DATA

Amount Authorized:	DA Grant:	\$108,859
Amount Obligated:	DA Grant:	\$108,859
Amount Committed:	Period:	\$
	Cumulative:	\$108,859
Accrued Expenditures:	Period - Projected:	\$ 10,871
	Period - Actual:	\$ 6,654
	Cumulative:	\$ 32,727
	Period-Next (10/94-3/95)	\$ 44,481

Counterpart
Contribution: Planned: \$162,168 (in-kind and cash)
Actual: \$ 71,775 (in-kind and cash)

% LOP Elapsed: 50.0
% of Total Auth. Oblig: 100.0
% of Total Oblig. Exp.: 30.1
% of Total Auth. Exp.: 30.1

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: The Project supports Strategic Objective No. 2 : Broader-based, Sustainable Economic Growth by improving a local farmers' private organization in its capacity to carry out participatory land use classification and implement several pilot production systems, reducing the lag time between the development of technical solutions to unsustainable land use and their application by farmers.

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

IIB. PROJECT PURPOSE

The purpose is to provide support for FADEMAD to carry out a participatory land use capability classification in the Tambopata-Candamo Reserved Zone (TCRZ), so that it more effectively participates in the planning and implementation of sustainable development and conservation activities.

III. PROJECT DESCRIPTION

Because of a history of extensive and depreciable land use, often at the bequest of government extension and incentive programs, the productive capacity of the land resource in occupied areas of the TCRZ has diminished, causing reduced farm yields and forcing farmers to look for new sources of livelihood. These include expansion of the agricultural frontier toward unoccupied and ecologically important areas of the TCRZ, illegal timber extraction and gold mining. An evaluation of the land resource is necessary in order to offer more intensive production alternatives which will serve to geographically stabilize land use practices and raise living standards.

The two-year Project has an estimated total cost of \$271,027 including the LAC/DR/E OYB 1993 transfer of \$108,859 from the Environmental Support Project (598-0780). Counterpart funds come from the McArthur Foundation, the Inter-American Foundation, Conservation International, and FADEMAD. The goal of the Project is to support the ecological conservation of the 1,498,942 ha. TCRZ, a rain forest area recognized as possessing one of the highest levels of biodiversity on earth.

Major components and activities include:

- (1) A local Geographic Information Systems infrastructure, administered by FADEMAD in cooperation with National Parks-Peru and the local Ministry of Agriculture office. This infrastructure will be used to track land use, land tenure, and natural resource issues in the TCRZ area.
- (2) An interactive computer data base detailing management and ecological characteristics of tree and agricultural crop species, which will help farmers to construct ecologically sustainable agro-silvo-pastoral systems on their lands.
- (3) Genetic resource infrastructure capable of producing a great variety of tree seedlings and certified seed, as well as preserving valuable genetic resources in the process of

extinction.

(4) The training of 130 farmers in land use classification survey and tropical ecology, so that they will have the technical background necessary to communicate with conservation and development planners.

(5) Land use classification of 130,000 ha. in the TCRZ, detailing production alternatives and a multitude of different land types, providing the knowledge necessary for informed land use decisions at the farmer and planning levels.

(6) Implementation of several alternative production systems appropriate to the ecological, social, and economic characteristics of major land types in the area of the TCRZ.

IV. PROJECT STATUS

The Project has made significant progress in the design of alternative production systems, production of certified seed and establishment of tree nurseries. The Project has also been very active in establishing collaborative relationships with several foreign and local institutions. The anthropological study on household dynamics and the market study for local species are well advanced.

Inter-institutional Relationships: In addition to the cooperative agreements reported in the previous SAR with Conservation International, USDA, UNALM, Cepes, ATEA (Acre, Brazil), PESACRE Project (Rio Branco, Brazil) and "Asociacion de Agricultura Ecologica de la Amazonia", the Project has established new collaborative relationships with: a) the Inter-American Foundation for the creation of a revolving fund for production activities; b) the Tambopata Reserve Society of England for the provision of naturalists volunteers; c) the University of Florida Tropical Conservation and Development Program for coordination on gender perspective and for the participation of graduate students wishing to do thesis research with FADEMAD; d) Sociedad Peruana de Derecho Ambiental, for coordination on issues affecting land titling for local farmers; e) Newton College of Lima, Peru for cooperative training programs; and f) CANDELA-Peru for sharing a radio program twice a week.

Agroforestry Data Base: The computerized agro-forestry data base is about 60% complete. Currently, it contains partial information on 511 woody and herbaceous species.

Mapping: The Project has digitized base maps for all 19 communities currently participating in the Project. Physiographic/vegetation maps covering 65,000 ha. and based on photo-interpretation have been produced. Soil maps have been produced for two communities, and topographic maps have been produced for four communities.

Market Study: The Study should be finished by the end of October. It has revealed market opportunities for some products, such as tumeric, ginger, black and white pepper, coffee, camu camu, uña de gato, and peach palm. The study has also detailed a number of low-cost and simple transformation technologies. On the basis of this information and an evaluation of actual production in the TCRZ, some second-year funds will be dedicated to the implementation of a pilot production plant for the following products: ground tumeric, dried ginger, candied fruits, jellies, and licours from wild and cultivated fruit trees. Seeds will be obtained for other economic crops indicated by the study: black and white pepper, coffee, camu camu, and peach palm.

Promotion and Dissemination Activities: The Project has been presented several times on local radio and television. It has been profiled in the national magazine Medio Ambiente. Since May FADEMAD has shared a twice weekly radio program with the NGO Candela-Peru and Project progress, promotion, and community coordinations have been a constant topic of the program. Project promoters and technicians have presented the Project several times in each of the twenty-one communities invited to the first two training courses.

Training: All materials for the farmers' training workshops have been completed and tested with FADEMAD's leader/project promoters. Two workshops have been held, one on March 24-31 (28 farmer participants) and another on May 24-June 2 (36 farmer participants). In addition, during field visits Project technicians have carried out individual community training sessions in four other communities (16 farmer participants).

A. EOPS

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	Land use capability classification of 130,000 ha. completed, reflecting the farmers' ecological, socio-economic, and anthropological reality.	Field data collected for 4,094 ha. Transects have been made covering 11,490 ha. Thematic maps have been made for the communities of Izuyama and Jorge Chavez. Physiographic/vegetation maps based on photo interpretation for 19 communities covering 65,000 ha.
2.	Design, extension, and implementation of two or more alternative production components adapted to local ecological, market, and social conditions.	Preliminary design completed for alternative production components including copaiba resin, sustainable plum harvesting, production of ground tumeric, dried ginger, candied fruits, jellies and licours made from local fruits.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A ___ B X C ___

3. Participation in on farm testing of alternative production components by at least 100 farm families. Too early to measure.
4. Per household income increases at least 20% for participating farm families and per household food security increases for participating farm families. Too early to measure.

B. Major Outputs

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Land use capability classification of 130,000 ha. in the TCRZ.	130,000	60,000	130,000	126,000	3,744	4,094	3.1
2. Geographic Information System operated by FADEMAD and INRENA for future natural resource management planning.	1	0	1	0	0	1	100
3. Genetic resource production facilities: tree nurseries.	2	0	0	1	1	1	50
4. Genetic resource production facilities: certified seed production facility. ³	1	0	0	0	0	1	100
5. Anthropological study of household dynamics of local farmers.	1	1	1	0.4	0.6	0.6	60
6. Market study detailing economic opportunities for alternative and ecologically produced products from the area.	1	0.85	1	0.2	0.6	0.8	80
7. Alternative production systems implemented by farmers. ⁴	2	0.8	0.8	1.2	0.8	0.8	40
8. Interactive computer data base with management factors for agroforestry species.	1	0.5	1	0.4	0.1	0.6	60
9. Farmers trained in land use capability survey	130	70	130	40	52	80	61

C. Other Accomplishments and Overall Status

The last SAR mentioned the possible marketing of copaiba resin to Los Angeles, CA cosmetics firm. The resin was to be integrated into bath salts packaged in brazil nut woody fruit shells. This sale was suspended by the firm because the Peruvian vendor of the other product components could not assure supply for the 1994 Christmas season. The sale may be made for the 1995 Christmas season. CI-Seed has received samples of a variety of products, and is searching for potential buyers. FADEMAD has developed sustainable harvesting methods for copaiba and sangre de grado resin, and palm fruits. CI-Peru is financing training courses in these methods. With data generated by copaiba harvesting in these courses, FADEMAD should be able to have a better idea of its productive capabilities in copaiba resin.

Other accomplishments include a training course in dendrology in association with UNALM for area farmers, IAF financing for a rotating credit fund that will finance Project developed production systems in its second year of operation, and coordination to integrate FENEMAD objectives in CI-Peru's "Conservation Based Development Program in Tambopata, Peru" that will begin operation in 1995. FADEMAD's participation in this program will be to extend the Project to the Pto. Maldonado - Iberia highway area, implement a sustainable forestry project in the 50 - 125 km. area of the Pto. Maldonado - Cusco highway, work with FADEMAD in consolidating base community organization, and the extension of the FADEMAD farmer union model to representative organizations in TCRZ - Puno.

³The second lot of certified seed production for leguminous cover crops in progress through cooperative agreement with the Asociacion de Agricultura Ecologica (AAE), which is producing seed obtained by FADEMAD from Grupo PESACRE in Brazil. The first lot of seed has been distributed by FADEMAD and AAE. FADEMAD has marketed soy and bean seed produced by 5 of its base organizations. Second-year Project activities include establishing a revolving seed fund of a larger variety of species.

⁴Alternative production system design has been completed for seven products (candied fruit, jellies and licours from fruit, tumeric, ginger, copaiba resin, and sustainable palm harvesting). Second-year Project activities will concentrate on the implementation of these systems.

CP

Gender Considerations:

In January 1994, a group of women with the cooperation of FADEMAD leadership formed a women's group within the organization. This group, which meets monthly, has about 30 active members. Most activities of the group have concentrated on the analysis of problems particular to women in Madre de Dios. As such, particular attention has been given to the following themes: problems with State-promoted programs such as "Clubes de Madres/Vaso de Leche" and the lack of good teachers in rural communities, health problems and production problems. The main conclusion reached in these meetings has been the need for women to receive training opportunities around organization administration, marketing and small animal production themes. Conservation International-Peru program has been assisting the women's group by helping to conduct recent meetings in rural communities with an agenda of performing participatory analysis of community problems. These activities include a variety of participatory tools including community and individual farm mapping, open-ended stories and social theater.

Only twenty percent of the people interviewed for the anthropological study have been women, because many women refused to be interviewed and asked the investigator to return when their husbands were present. Of the 219 variables for which information has been collected, 22 are directed specifically to develop information about health, occupation and education of women in the household. Other questions seek to identify responsibilities within the household. FADEMAD is coordinating with a University of Florida graduate student to focus his thesis on issues of control and access over household resources.

Only 3 of the 80 farmers trained on land survey have been women. FADEMAD will seek to include more women in future training activities, specially those focussing on small animal production, small farm management and the proper use of agricultural credit. These three activities are part of the revolving credit fund that IAF will fund. FADEMAD investigations have revealed an enormous interest in the use of credit for small animal production, an area which is probably more successfully carried out by women given the social conditions present in Madre de Dios.

In June 1994, FADEMAD leadership and the women's group met with representatives of the University of Florida Tropical Conservation and Development Program and Conservation International-Peru Program, to explore the possibility of working within a possible three-year international project aimed at developing gender sensitive survey tools about natural resource use as a means to integrate gender perspectives in conservation and development projects. The "Collaborative Gender Analysis in Resource Use Training Program" will be implemented by a consortium of groups, including: University of Florida, TNC-Ecuador, PESACRE, Brazil, and CI-Peru, and has recently been approved by the MacArthur Foundation for funding in 1995. FADEMAD's women organizations will play a role in the Peruvian component of the project as participants in the development of gender sensitive methodologies. Eventually, FADEMAD leadership and technical teams will be students in the training components of the program.

D. Problems and Delays

FADEMAD has experienced a number of delays and problems, especially in land use capability survey and mapping. The survey has been delayed by the failure of the project to obtain "food for work" for farmer participants as planned. Only in September did CARITAS-Peru disburse Title II funds for the purchase of food. Although the enthusiasm of farmers trained by the Project to carry out the survey remains high, they cannot carry out the elaboration of transects without community participation. Because of the serious economic situation that affects most communities, participation has been conditional on "food for work" remuneration. Although work has advanced, it is considerably behind schedule.

Because they depend on data collected in field surveys, the mapping activities have also suffered. In addition, the GIS software has not performed as planned. The situation should be remedied in October by a CI-provided consultant. The market study and the anthropological study are slightly behind schedule, but their preliminary results are already being integrated into Project components.

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

Corrective Actions

-FADEMAD will request from CARITAS-Peru the remaining half of the monetization amount assigned to the Project. The food purchased with these funds should give a strong push to communities to finish field surveys.

-FADEMAD will give more emphasis to base work in order to assure better farmer and community participation in project field survey activities and dispel misconceptions about the Project and the organization.

-FADEMAD will receive a consultancy to remedy its GIS operational problems.

Planned Activities

-Training land use capability surveys completed for the final group of forty farmers.

-Field survey activities completed.

-Mapping activities completed.

-Anthropological and market studies completed.

-Land-Use Capability Classification Workshop conducted.

-Land-Use Capability Classification results published and disseminated.

-Project proposals developed in support of community selected sustainable production systems.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A ___ B X C ___

- Greater variety of certified seed acquired for the implementation of a rotating seed fund.
- Educational materials developed for management of selected species and production systems.
- Small animal production program initiated.
- Small pilot production facility installed for tumeric, ginger, candied fruits, jellies and licours.
- Seeds from local forest collected for the installation of small tree nurseries in five farms.
- Integrated Pest Management Study initiated.

ORDADMD\MEO\SAREL.M pag. 9-13

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A ___ B X C ___

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994 A X B ___ C ___

IA. BACKGROUND DATA

Project Title: PL 480 Title II, Monetization Program
Active Agreements: FY 1993 (signed on 03/17/93) US\$14,060,408
FY 1994 (signed on 03/23/94) US\$17,749,283
Implementing Agencies: CARE-Peru, ADRA/OFASA, CARITAS del Peru, Asociacion Benefica PRISMA
Major Contractor: CARE-Peru
AID Project Officer/Manager: Raul Tapia
Date of Last Evaluation: 02/93 Next Evaluation: 03/95
Planned Number of Non-Federal Audits during Fiscal Year: None
Date of the last audit: 04/93 Next Audit: 07/95

IB. FINANCIAL DATA

(in million dollars)

	<u>Program</u>	<u>Generated</u>	<u>Disbursed</u>	<u>Balance</u>
Balance (Agreement 1992)				4.1
Agreement 1993	20.8	16.9	16.2	0.7
Agreement 1994	15.7	16.4	14.4	2.0
TOTAL	36.5	33.3	30.6	6.8

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This program supports Strategic Objectives Nos. 2 and 3: Broader-based Sustainable Economic Growth and Improved Health of High-risk Populations through Access to and Use of Quality, Sustainable Primary Health Care, including Increased Community Involvement. In support of these objectives, the Monetization Program contributes to: (1) satisfying critical food needs for population groups living in extreme poverty, (2) stimulating income growth through labor-intensive productive activities among small farmers and micro entrepreneurs, and (3) improving the health status of nutritionally at-risk families, particularly of mothers and children (0-59 months), and increasing their access to health services throughout Peru.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 60
No. 3 - 40

IIB. PROGRAM PURPOSE

The purpose of the PL 480 Title II Monetization Program is to ensure that the resources required to cover logistic, administrative and program support costs are available to carry out the various PVO direct food distribution activities.

III. PROGRAM DESCRIPTION

In order to support the Title II direct food distribution program, commodities such as crude degummed oil, wheat flour and rice, are imported and monetized through the private sector. The proceeds generated from the sales are then used to cover the logistics support and priority project activity costs of four Title II cooperating sponsors: CARITAS del Peru, ADRA/OFASA, CARE-Peru, and the Asociacion Benefica PRISMA. CARE acts as the lead agency for the Monetization Program, and serves as commodity importer and account manager on behalf of the cooperating sponsors.

These resources make it possible to implement a significant social safety net program in Peru in support of the economic structural adjustment measures initiated in August, 1990. Among the program's major components is a food distribution activity, which provides a quick response to thousands of organized women's groups as they set up neighborhood soup-kitchens or "comedores" in the most depressed peri-urban areas of Peru's major cities, where chronic unemployment has been compounded by the "structural adjustment". The effective community work of the "comedor" women to meet essential daily food needs of 1 out of every 7 Peruvians, under the Title II Program alone, is probably among the most important factors preventing social unrest and turmoil in these densely populated, poverty-stricken areas. Ensuring the sustainability of these "comedores" through their development into enterprises serving a particularly needy market segment is a principal objective of the program.

Another major component of the Title II program targets families living in extreme poverty and classified as high-risk on the basis of health and nutritional criteria. The incentive of food assistance is given to motivate the participation of these families in nutrition monitoring programs focussing on infants most vulnerable to the longer term ill effects of malnutrition.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A ___ B X C ___

Monetization proceeds are also used for investments in productive agricultural-related and social infrastructure projects; to promote the development of micro-enterprises and provide initial loan capital. Thousands of jobs have been created through new or expanded business initiatives. Additionally, proceeds are used to finance pilot, local purchase direct feeding programs sponsored by CARITAS, CARE, and PRISMA.

Consolidated data which demonstrate the level of impact of the Monetization Program and the other Title II interventions will be available through the implementation of the PL 480 Title II monitoring and reporting system called "SISEPAD". This system will be installed, operational and providing reports by the end of the next reporting period. At an individual cooperating sponsor level, information is available that enables the Mission to assess the impact of these programs.

IV. PROGRAM STATUS

The FY 93-97 multi-year program is now in its second year. While this program was initially approved with estimated annual requirements of US\$20 million in local currency generations to support the Title II implementation plans of CARITAS del Peru, ADRA/OFASA, CARE and PRISMA, it has received considerably less resources. Emergencies and reprogramming of Title II resources by USAID/W limited FY 93 transfers to the four cooperating sponsors to US\$19.4 million. FY 94 transfers amounted to \$14.7 million. Estimated FY 95 transfers will amount to \$16.7 million. Given the competition around the world for food aid resources, USAID/W has advised that new multi-year proposals will have to be submitted for FY 96 and beyond, which contain stricter geographic and technical scope and which are phased out over the multi-year period.

Operationally, the timeliness of commodity requests, and commodity arrivals and sales have improved, eliminating in large part the cash flow problems that severely affected project implementation during the pilot stage. Currently, sales prices or negotiated sales contracts are completed prior to commodity purchase or arrival in country. Commodities are carefully selected based on levels of domestic production of the same or similar commodities, Peruvian import requirements, Title II availability, host country market prices and related Bellmon amendment considerations. In FY 95, the program will generate over 30 percent more in local currency equivalents over the U.S. dollar cost of the commodities.

V. MAJOR OUTPUTS

A. EOPS

Detail is provided under the four individual SAR reports.

B. MAJOR OUTPUTS

The funds generated from the sales proceeds cover costs of internal transport, storage, handling, administration and complementary inputs for project activities such as tools, seeds, weighing scales and training supplies for the Title II cooperating sponsors.

PVO	PROGRAMMED FY 1994 (US\$)	DISBURSED DURING THE PERIOD (US\$)	BALANCE (US\$)
SUB-PROGRAM			
CARITAS DEL PERU	4,474,545	4,474,545	0
ADRA/OFASA	2,600,000	2,600,000	0
PRISMA	2,929,668	2,929,668	0
CARE	<u>4,575,808</u>	<u>4,487,520</u>	<u>88,288</u>
TOTAL	14,580,021	14,491,733	88,288

C. OTHER OPERATIONAL ACCOMPLISHMENTS AND OVERALL STATUS

CARE decided to select wheat in grain as a commodity to be monetized for the FY 1995 Monetization Program. This selection has no disincentive effects, is readily monetized, and generates a premium of approximately 30 percent over U.S. Government costs.

In FY 1994, transfers to the PVO's from the monetization accounts represented almost one hundred percent of amounts budgeted.

The cooperating sponsors, in conjunction with the Mission, again were forced to revise FY 95 budgets downward in light of reduced availability of Title II resources for the Peru program. A reclama from the Mission resulted in a USAID/W/FFP decision to allow shifts from the free distribution program to the monetization program, within the reduced budget ceiling for Peru. This may permit a recuperation of resources for the monetization budgets, but at a reduced level of direct food distributions.

The Mission's Office of Rural Development spent considerable time responding to the

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A ___ B X C ___

concerns raised in the field trip report of the USAID/W/FFP backstop officer for Peru. Generally, these concerns and the Mission's responses dealt with the following:

a. The establishment of a legal relationship between CARE, as the lead monetization entity, and the other three cooperating sponsors. As part of the FY 95 monetization program, agreements outlining the monetization process, disbursement and monitoring mechanisms, and responsibilities of respective cooperating sponsors are being formalized. CARE will be responsible for developing the agreement documents in draft and clearing them with USAID/Peru.

b. Mission control of monetization budgets. The Mission has previously concurred on budget disbursements managed by CARE within its oversight mandate, and it will continue to do so. Concurrences are largely pro forma and accommodate variable expenditure rates. Considerable time has been spent in the review and revision of FY 95 monetization budgets with CARE and the other cooperating sponsors in order to make the process as transparent as possible.

c. USAID - Cooperating Sponsor collaborative relationships. The Mission has consistently sought to strengthen cooperating sponsor capabilities and independence in the management of Title II resources. Open communications; information sharing; frequent contact and resolution of policy and operational issues are standards established by the Mission technical support offices.

D. PROBLEMS AND DELAYS

None.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

- Adjust PVO's Monetization Budgets for FY 95 to the final levels approved by USAID/W/ FFP.
- Undertake the PL 480 Title II commodity audit.
- Sign the Title II Monetization Bilateral Agreement between USAID and the Peruvian Government for FY 95.
- Evaluate CARE direct and indirect monetization costs.
- Sign Letter of Understanding between CARE-USAID regarding the monetization program and respective responsibilities.
- Work jointly with CARE in the preparation of the draft agreements between CARE and the PVO cooperating sponsors of the Title II Monetization Program.
- Evaluate the operations, cost/benefit, and impact of local purchase feeding programs.
- Conduct a Title II Impact Evaluation, which will generally: appraise cooperating sponsor implementational strategies and program accomplishments; evaluate institutional and food security impacts; and provide guidance for ensuring continued and sustainable food security impacts from Title II sponsored interventions in the future.

M:ORFUD:CS:NEROS:ARTI:II

Participating women's organizations first set up a Revolving Credit Fund (RCF) with seed money from the Project. Once the fund is established, members are eligible to receive consecutive loans that provide working capital to finance their small economic activities. The RCF is managed by a Credit Committee (CC) of participating women.

C. ALTURA PROJECT: The Project focuses on community based promotion and training aimed at improving the productive capacity of small farmers. Tested soil conservation practices help mitigate the negative effects of cyclical climatic conditions and contribute to the diversification of locally produced food crops.

The Project uses the food-as-incentive strategy during the first two years to promote soil conservation activities. Once the productive capacity of the farm families has improved as a result of these practices, the Project during the final two years focuses on increased crop production principally by providing seeds through community-managed revolving funds.

D. MICROENTERPRISE DEVELOPMENT PROJECT: Through the provision of credit and technical training, the Project helps both men and women microentrepreneurs to maintain and increase employment levels, accrue capital and increase income. The Project focuses on microentrepreneurs who are ineligible for or unable to access credit and technical training from other sources.

E. NIÑOS: (formerly Wawawasi) The NIÑOS Project strategy seeks to achieve adequate and sustainable nutritional levels of at-risk children under five through the training of mothers in appropriate skills and home-based nutritional practices. Mobilizing a team of trained extensionists, the Project currently reaches 100 rural communities in the Departments of Puno, Ancash and Piura. Women of child-bearing age receive training on the prevention and management of prevalent sicknesses and diseases, on growth monitoring of children under five, on nutritional management, immunizations and maternal health.

IV. PROJECT STATUS

During the reporting period the PRODIA Project has improved 363,519 persons' access to food. Of these, 86% received food support regularly through community kitchens and 14% through special groups (principally orphans, abandoned children and the indigent elderly). During the same period 899 children under 3 years regularly received supplementary food rations at the Nutrition Recovery Centers.

During the semester, the Project trained 8,900 women in food, nutrition and community kitchen management, while through the Nutrition Recovery Centers it provided more specialized training for mothers on how to recognize malnutrition symptoms in their children and how to prepare low-cost nutritionally balanced diets.

In addition, 190 "comedor" organizations received US\$130,504 for the procurement of kitchenware and equipment to improve food delivery service and for minor but important sanitation related improvements to the community kitchen structures.

During the reporting period, the WOMEN'S INCOME GENERATION Project was successful in generating increased family income for 465 women who received 930 short-term loans through the Revolving Credit Fund. 1,589 women received training on managing small businesses and 1,822 women received practical skills training in areas related to production and services.

The MICROENTERPRISE DEVELOPMENT Project has consolidated 2,660 existing jobs and created 1,596 new ones, thus improving access to basic food needs for low-income workers and their families.

During the reporting period the NIÑOS Project completed its redesign and organizational phase. Project personnel were trained, the management methodology and monitoring instruments were formulated, and a working manual of norms and procedures and training materials for Project extensionists were completed. Further, base data from all participating communities were processed and the results used to refocus certain project strategies and training methodologies.

The ALTURA Project improved the agroforestry productive capacity of 24,796 small holder families through the participation of 535 communities in agroforestry activities, massive reforestation, soil conservation, vegetable gardens and compost production. During the semester, 43 communities "graduated" from the Project with participating families responsible for continuing activities. In addition, 694 community promoters were trained in agroforestry technology, soil conservation and food crops. Currently, 38% of the community participants are women.

EOPS

Planned EOPS

Progress to Date

1. **PRODIA**
500,000 people in depressed urban areas will have improved access to food. 20% of those beneficiaries will be children.

363,519 beneficiaries.

2. **WOMEN'S INCOME GENERATION**
9,000 women members of community kitchens will have their incomes increased by 20%.

9,315 women; average income increase of 200 %.

3. **MICROENTERPRISE DEVELOPMENT**
7,200 micro entrepreneurs from depressed areas of Metropolitan Lima and Trujillo will have increased their incomes by 25% and 21,600 jobs will be strengthened.

7,859 microenterprises have created an average of 2 new job positions.

4. **NIÑOS**
10,000 children under five years of age will have significantly improved their nutrition and health status as a result of the training provided to 10,000 mothers and the collective efforts of 150 rural communities of Puno, Piura and Ancash.

3,800 children.

5. **ALTURA**
44,500 rural families from Peruvian highlands and the upper jungle will have increased their agroforestry capacity to improve the security of their food supply and satisfy other basic needs in a sustained manner. The primary indicator for ALTURA will be the net increase in annual production of participant families (20% increase of food production over the baseline, and farm and forestry produce surpluses of 20% above 1990 levels).

24,796 families.

B. MAJOR OUTPUTS

ACTIVITIES	MYOP Goal	ATTAINED		Cum.	% MYOP Goal
		Programmed 1994	Period (4/94-9/94)		
1. PRODIA:					
- # of Community Kitchens supp.	2,400	2,400	2,556	2,622	109
- # of Special Groups supported	300	300	469	516	172
- MT food distrib. to Comm. Kitchens and Special Groups	89,969	25,704	11,006	43,395	48
- # of beneficiaries in Kitchens and Special Groups	15,606	2,754	1,982	7,912	51
- # of beneficiaries in Kitchens and Special Groups	336	336	313	316	94
- # of beneficiaries in Kitchens and Special Groups	30	30	51	53	177
2. WIG (MUJER):					
- # of Revolving Funds est.	800	160	31	223	24
- Value of loans	1,172,179	192,000	38,400	249,400	18
- # of loans	12,000	1,000	465	2,985	21
- Local fairs held (#)	83	38	8	54	55
3. ALTURA:					
- # of Communities	940	475	492	535	56.9
- Communities graduated (#)	465	56	43	43	9.2
- Beneficiary Families (#)	42,500	21,066	24,796	24,796	58.3
- Land restored for agriculture thru soil conservation (has)	3,900	230	100	381	9.8
- Soil conserv. practices (has)	6,000	1,305	1,068	3,228	53.8
- # of community nurseries	940	475	492	535	56.9
- # of family nurseries	0	1,062	959	959	
- Seedling production (#)	19,000	3,500	2,243	9,159	48.2
- Agroforestry crops planted (has)	9,400	2,703	1,026	5,341	56.8
- Communal lands reforested (has)	9,100	1,385	10	1,985	21.8
- Vegetables/tubers/grains (has)	2,500	237	495	495	19.8
- Communities producing vegetables/tubers/grains (#)	614	252	276	276	45.0
- MT of food distributed	12,000	2,000	2,072	5,588	46.6

100

4. MICROENTERPRISES:					
- Loans thru revolving funds (#)	9,000	2,557	820	3,790	42
- Value of loans (000)	648	1,705	1,254	4,222	652
- Business management courses (#)	600	10	26	152	25
- Technical production courses	300	40	31	6,631	23
- Local fairs (#)	125	16	3	1,503	13
5. NIÑOS:					
- Communities supported (#)	150	100	100	100	67
- Beneficiary children (#)	10,000	4,000	3,800	3,800	38
- Mothers trained (#)	10,000	4,000	3,800	3,800	38
- MT of food distributed	240	84	41	41	17
- Communal infrastructure improve	100	10	5	5	5

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

An internal evaluation of the Nutrition Recovery Center pilot effort indicated that 33% of the acutely malnourished children entering the program were successfully rehabilitated.

A new food distribution system (Temporary Supply Centers-Centros de Acopio Temporal-CATS) has been tested with favorable results. The system diminishes the need for longer term central storage, generates greater beneficiary participation and reduces costs.

An internal evaluation of the Women's Income Generation Project has shown that participant women are contributing a larger share of the family income. It has also concluded that important behavioral changes have occurred; project training has provided a sharper business sense, instilled greater confidence and helped the women feel capable of managing reasonable financial risks in addition to heightening their organizational skills.

Results from the Community Rotating Funds (Fondos Rotatorios Comunales) supported a proposal to USAID/W to expand the anti-poverty lending project to other community kitchen women organizations. The new proposal was approved under the centrally-funded APPLE project and activities will begin in FY95.

In addition to the positive environmental impacts, increased production on lands improved by soil conservation and agroforestry practices has become the most convincing promotional factor in sustaining and expanding ALTURA Project activities. This has also contributed to the successful installation of 959 family-level nurseries which have become replicas of formerly installed communal nurseries. Of special interest in this rural agriculture-related activity is the participation of women which is now 36% of all participants compared to no women participants at the start of the Project. Additionally, 322 women are officers on the community agroforestry committees.

CARE is continuing efforts to improve its program targeting and beneficiary identification and selection processes. During the reporting period, several CARE staff assisted the 40th Anniversary Conference on Food Aid in Washington, D.C. and other USAID-sponsored workshops in which a draft Food Security and Food Aid strategy was presented and discussed. In this strategy, clear program focus and demonstrable impacts on nutritional and food production problems of the most needy are called for. Although the current programs of CARE have a strong consistency with the strategy guidelines, further refinements and better focussing of programs is required. These challenges have been accepted by the CARE leadership and will be reflected in the next multi-year program designs and plans.

D. PROBLEMS AND DELAYS

None.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. The PRODIA Project will implement a training activity for Project personnel on the topics of gender and leadership, and materials will be developed to be applied to training activities programmed for comedor women leaders. The Project will also implement the new direct food distribution system - CATS - at all the regional PRODIA centers, and put into operation 20 new Nutritional Rehabilitation Centers.
2. The WOMEN'S INCOME GENERATION Project will coordinate the anti-poverty lending activity began under the Title II program with the expanded activities supported under the new APPLE Project.
3. ORD/FFD will pursue with CARE a recommended course of action to strengthen the performance capabilities of the PRONAMACHS extension agents and to establish a realistic level of tasks and responsibilities.
4. A Title II Impact evaluation will be initiated in March, 1995.
5. In preparation for the next round of multiyear operational plans, USAID will sponsor a series of strategic planning workshops for each organization individually and together with public and donor organizations.
6. In coordination with USAID and COSAPITEC, CARE-Peru central office and regional staff will undergo specialized training to implement the FFD monitoring and reporting system-SISEPAD. Partial data entry is scheduled for the first phase of implementation in January 1995 and this will permit preliminary results to be reported through the SISEPAD information system for the next SAR.

food commodities are used for this Program.

5. Integrated Rural Development (IRD). Comprised of nutrition, mother and child, agricultural development, microenterprise, increase of value added of the production, social communal infrastructure, and micro-basin environmental management. This program uses 10.4% of ADRA/OFASA PL 480 food commodities.

6. Other Children (OC). This Program provides cooked food rations as a nutritive complement. The support is focused on soup kitchens, toward possessing an adequate infrastructure and capacity to carry on feeding programs for minors, and in educational camps. The soup kitchens include activities that promote the development of skills and capabilities or practical works (plumbing, electricity, painting, and small repairs of domestic appliances, etc.). Uses 5% of ADRA/OFASA PL 480 Title II food commodities.

Approximately 13% of the PL 480 Title II commodities were used in the Communal Volunteer Promoter Program (food for promotion work); and 0.6% in response to emergencies that arise during the course of the year.

IV. PROJECT STATUS

ADRA/OFASA is working in 826 communities within 16 of the poorest departments of Peru, implementing 1,138 regular projects and 18 emergency activities. The Project currently reaches a total of 243,677 at-risk beneficiaries who live in marginal-urban areas (55%) and in highland rural areas (45%). ADRA/OFASA has formulated an integrated, multi-sectoral development strategy in seven highland watersheds (micro-cuencas).

Benefits to the many communities where ADRA/OFASA has implemented its food assistance program consist not only in works completed, but also in the intensive participation of community members themselves. This is one of the strengths of the ADRA/OFASA Title II program. Beneficiary groups are better organized and skilled at mobilizing local resources.

The activities executed by ADRA/OFASA promote an increased role of women in household resource allocation, increased and diversified food production, improved infrastructure related to food access, increased community empowerment to sustain access to food, and increased provision of food to at-risk groups.

A. END OF PROJECT STATUS (EOPS)

The current Title II program reporting system does not permit an efficient presentation of end-of-project-status indicators because PVOs design their programs on a Multi-year Operational Plan (MYOP) framework which does not include EOPS. USAID and ADRA/OFASA are working to institute the "logical framework" methodology within the MYOP.

B. MAJOR OUTPUTS

ACTIVITIES:	MYOP	FY 1994				% of MYOP
		Programmed	Period	Cum.	ACCOMPLISHED	
A. INTEGRATED RURAL DEVELOPMENT:						
Agric. Production (UFPA) (Has.)	675	105	9	150	22%	
Demonstrative Plots (Has.)	231	70	1	104	45%	
Growth Monitoring (Children with + Tendency) (a)	8,420	4,270	1,781	1,781	21%	
No. Child. Immunized (a)	5,775	3,500	1,989	1,989	34%	
No. Pregn. Mothers Immun. (a)	3,070	1,750	135	135	4%	
No. Child. Early Stimulation (a)	4,260	2,030	1,099	1,099	26%	
No. Child. Early Childhood Stimulation (a)	3,670	1,750	868	868	24%	
Irrigation canals (Km.)	43	7	3	31	72%	
Roads Rehabilitation (Kms.)	40	30	34	34	85%	
B. AGRICULTURAL DEVELOPMENT:						
Agricultural Production (Has.)	1,055	220	7	221	21%	
Demonstrative Plots (Has.)	353	120	31	264	75%	
Irrigation canals (Km.)	38	0	0	23	61%	
No. Seed Warehouses	32	7	16	31	97%	
Greenhouses (m ²)	1,887	1,290	1,850	2,103	111%	
Pasture Establishment (Has.)	120	0	0	0	0%	
No. Locally Improved Sheep	320	30	25	25	8%	
C. MATERNAL CHILD HEALTH:						
Growth Monitoring (a) (Children with + Tendency)	30,218	14,198	12,535	12,535	41%	
No. Children Immunized (a)	31,704	14,616	12,140	12,140	38%	
No. Pregnant Mothers Immunized (a)	2,373	1,173	804	1,466	62%	
No. Child. Early Stimulation (a)	19,813	9,240	8,075	8,075	41%	
No. Children Early Childhood Stimulation (a)	12,345	5,136	5,836	5,836	47%	
D. MICROENTERPRISE DEVELOPMENT:						
Production Units established as Microenterprises (No. of Groups)	1,490	830	739	739	50%	
No. Production Unit Particip.	4,470	2,490	1,428	2,956	66%	
No. Established Microenterp.	392	102	188	188	48%	
No. Formalized Microenterp.	295	80	91	91	31%	
No. Jobs Created	1,960	510	780	780	40%	

E. INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICES:

Installation Potable Water (Mts.)	151,000	24,000	20,794	88,562	59%
Sewerage System Expansion (Mts.)	161,300	22,500	26,947	106,268	66%
No. Water systems by gravity	60	6	5	27	45%
No. Latrines Constructed	36,012	7,300	7,772	25,413	71%
Roads Constructed (Kms.)	133	30	30	113	85%
Roads Rehabilitation (Kms.)	460	48	173	566	123%
No. Classrooms Constructed	222	38	37	152	68%
No. Playgrounds Constructed	54	15	14	43	80%
No. Health Posts Constructed	47	16	6	20	43%

F. OTHER CHILD FEEDING:

No. Other Child Feeding (a)	61,749	15,000	18,382	35,131	57%
-----------------------------	--------	--------	--------	--------	-----

(a) These are not cumulative figures. The beneficiaries participate for two years; therefore, figures for the reporting period are the same as those for FY 1993.

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

ADRA/OFASA is continuing efforts to improve its program targeting and beneficiary identification and selection processes. During the reporting period, several ADRA/OFASA staff assisted the 40th Anniversary Conference on Food Aid in Washington, D.C. and other USAID-sponsored workshops in which a draft Food Security and Food Aid strategy was presented and discussed. In this strategy, clear program focus and demonstrable impacts on nutritional and food production problems of the most needy are called for. Although the current programs of ADRA/OFASA have a strong consistency with the strategy guidelines, further refinements and better focussing of programs is required. These challenges have been accepted by the ADRA/OFASA leadership and will be reflected in the next multi-year program designs and plans.

D. PROBLEMS AND DELAYS

None.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. The Maternal Child Health Program will make a new selection of beneficiaries for FYs 95 and 96.
2. In FY 95, two integrated development projects will be added to the Integrated Rural Development Program. This increase will allow this program to be extended to zones of extreme poverty in Ayacucho and Cuzco. In FY 95, ADRA/OFASA will have 9 IRD projects in the same number of watersheds.
3. Due to the completion of the goals programmed, the Microenterprise Program will cease operating in Tumbes. The supervisor will be transferred to shanty towns of Lima.
4. Analysis of the Accounting, Financing, and Administrative System has been made. As a result, corrective actions will be taken through the revision of the Administrative Standards, Proceedings Manual, and the Operations Manual. It will permit ADRA/OFASA to find an effective system to take adequate decisions and to lower operational costs.
5. Provide follow-up to any audit recommendations related to Title II, Title III, Section 202 (E) and Containers Funds, made by Enriquez Ramirez y Asociados.
6. In March 1995, the MYOP "Nutrition, Health and Development" 93-96, will be audited by ADRA/International.
7. A mid-term evaluation of the "Nutrition, Health and Development" Project will be carried out with an external consultant, in November 1994.
8. ADRA/OFASA will participate in a USAID-sponsored strategic planning process, involving seminars and workshops in preparation for the development of a new Multi-year Operational Plan.
9. In coordination with USAID and COSAPITEC, ADRA/OFASA central office and regional staff will receive specialized training to fully implement the Title II monitoring and reporting system-SISEPAD. Data entry is scheduled for January and February 1995 which will permit the processing of information required for the next SAR report.
10. A USAID impact evaluation of the Title II program will be initiated by March, 1995.

M:\ORD\FID\AGMOS\ADRM.FINW

IA. BACKGROUND DATA

Project Title: Title II CARITAS del Peru: Food Program
 MYOP *: FY 1993-1997
 Implementing Agencies: CARITAS del Peru, 44 Dioceses Nationwide
 Major Contractors: None
 AID Project Officer/Manager: Raúl Tapia
 Date of Last Evaluation: None** Next Evaluation : 03/95
 Planned Number of Non-Federal Audits during Fiscal Year : One
 The Number of such Audits Contracted for/Completed : None
 Date of Last Audit: 1994 Next Audit : 06/95
 Approval of 1994 Workplan: 06/93 1995 Workplan : 08/94

IB. FINANCIAL DATA

COMMODITIES
 Amount of Tonnage Authorized (FY 94) 45,153 MT
 Tonnage Received (FY 94) 42,757 MT
 Distribution (FY 94) 29,746 MT
 Balance in Stock: 13,011 MT

PROJECT AMOUNT	<u>FY 94</u>
Commodity Value:	\$12,063,058
Ocean Freight:	\$ 5,066,484
SUB-TOTAL:	\$17,129,542
Monetization Title II:	\$ 4,474,545
Monetization Title III:	\$ 2,000,000
Farm Bill Funds:	\$ 220,664
Caritas Contribution	\$ 155,110
Beneficiary Contributions:	\$ 50,000
Sale of Containers:	\$ 166,000
TOTAL	\$24,195,861

- * MYOP is the PL 480 Multi-Year Operational Plan for CARITAS del Peru.
- ** Internal Evaluation of Child Survival Component conducted 1993.
 Assessment of jungle local food purchases component to be conducted as part of Local Food Purchases feasibility study, Nov '93 - Jan '94.

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: The Program relates directly to Mission Strategic Objectives Nos. 2 and 3: Broader-based Sustainable Economic Growth and Improved Health of High-risk Populations through Access to and Use of Quality, Sustainable Primary Health Care, including Increased Community Involvement (1) satisfying critical food aid needs for population groups living in extreme poverty, (2) stimulating income growth through labor-intensive productive activities among small farmers and microentrepreneurs, and (3) improving the health status of nutritionally at-risk families.

Percentage of funds relating to Strategic Objectives: No. 2 75
 No. 3 25

IIB. PROJECT PURPOSE

To utilize donated food and cash resources as instruments to effectively upgrade the health and nutritional status of at-risk families living in extreme poverty in the rural and peri-urban areas of Peru, to orient food-for-work activities toward increased agricultural production and productivity, and to promote opportunities to generate alternative sources of employment and income.

III. PROJECT DESCRIPTION

Taking full advantage of its vast distribution network, CARITAS implements a direct food assistance program through 2,783 feeding centers, targeting nutritionally at-risk children and low-income families severely affected by the prolonged recession and the economic structural adjustment program. The CARITAS program also contributes to income growth and greater economic stability among the very poor by generating new employment opportunities and greater productivity in the agriculture and small business sectors. Implementation of the Child Survival Program has been expanded to 39 Diocesan CARITAS programs, and has integrated supplementary feeding with critical health interventions including child growth monitoring, diarrhea control, oral rehydration, immunizations and family planning. This has resulted in the improved nutritional status of mothers and children (0-60 months), and has extended the coverage of preventive health services and nutritional rehabilitation to the more remote and neglected areas of the country. The CARITAS program is being carried out where other programs, at least for periods of time, are not able to function for lack of the type of network that CARITAS as an institution enjoys. CARITAS nationally is truly a "private voluntary" organization, mobilizing volunteer technical resources in the field to carry out its program operations. Such a modality enables CARITAS to be present in virtually every province and in many districts of the country without having to assign specialists to the field from the national office. The benefits of this organizational modus operandi were particularly evident when security concerns forced many organizations to suspend operations in certain areas of the country or to withdraw completely. Currently the approach applied in the implementation of the Food Aid Program under Title II has led CARITAS to move away from humanitarian relief-type activities to production and income growth projects and human resource promotion.

105

Direct food assistance prioritizes the mother-child and the children under six categories, as the most nutritionally vulnerable groups. These interventions, complemented by activities carried out by volunteer instructors and promoters to train mothers to help target at-risk children by means of the nutrition surveillance system at the Child Survival centers, enable the program to enhance its food security coverage.

The Food for Work scheme is oriented toward income growth and increased agriculture productivity, by providing poor rural communities the opportunity to improve social and productive infrastructure. These actions have contributed significantly and in a sustained fashion to the availability of food resources in rural areas.

These Food for Work projects are linked to Rural Development Program activities, providing support to low-income farmers with improved seeds, organic fertilizers, tools, and equipment, and, in some cases, the installation of blacksmith shops for the local production of tools and equipment. Moreover, this modality supports small animal breeding, pasture and forage development, and other extension-type training projects, utilizing a revolving fund strategy for their implementation. The funds are administered and controlled by local management committees, in order to enable the community beneficiary population groups themselves to assume responsibility for their development process. This working strategy has prevented beneficiaries from becoming dependent on long-term food subsidies, and has contributed to increased stability on the food supply side.

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

IV. PROJECT STATUS REPORT

A. EOPS

The current Title II program reporting system does not permit an efficient presentation of end-of-project-status indicators because PVOs design their programs on a Multi-year Operational Plan (MYOP) framework which does not include EOPS. USAID and ADRA/OFASA are working to institute the "logical framework" methodology within the MYOP.

B. MAJOR OUTPUTS

ACTIVITIES	Programmed MYOP	Programmed FY 1994	During period	ATTAINED Cum.	MYOP%
Mothers who have received food assistance (#)	51,231	42,900	37,715	39,144	76
Children who have received supplementary feeding (#)	334,700	375,182	426,383	347,291	104
People who gained access to temporary employment (#)	75,985	96,000	111,485	138,258	182
Mothers trained in health & nutrition issues (#)	51,231	42,900	58,321	58,321	114
CSP staff carrying out training		83	83	83	
CSP promoters trained			3,173	3,173	
Children who have received preventive care against ADD & ARI			52,180	111,276	
111,276					
Children under nutritional control (#)		69,910	111,276	111,276	
Productive Infrastructure Projects (#)	5,200	1,183	757	2,412	46
Social Infrastructure projects (Health, Education) (#)	2,800	952	523	1,452	52
Training Projects (#)	2,500	240	462	1,231	49

ACTIVITIES	Programmed MYOP	Programmed FY 1994	2nd. semester	ATTAINED Cum.	FY 94%
PRODUCTIVE INFRASTRUCTURE PROJS. (#)	5,200	1,183	757	2,412	100.00
a) Irrigation infrastructure			318	941	
b) Soil conservation			81	291	
c) Forestation			136	342	
d) Orchards			93	561	
e) Farms			100	190	
f) River defenses			5	16	
g) Cattle bathings				45	
h) Fisheries (fish-breeding)			7	9	
i) Fertilizer production			2	2	
j) Warehouse construction			15	15	
SOCIAL INFRASTRUCTURE PROJS. (Health and Education & Comm.)	2,800	952	523	1,492	80.57
a) Construction of school facilities				168	776
b) Construction of medical posts				23	74
c) Latrines and sewage treatment				37	82
d) Construction of parks for children recreation				10	23
e) Potable water and sewerage systems installation				53	180
f) Roads construction				101	300
g) Bridges				26	44
h) Electrification				12	13
i) Construction of community halls				93	
TRAINING PROJECTS	2,500	240	462	1,248	335.83
a) Courses (short duration)				462	1,248
PROJECTS TOTAL	10,500	2,375	1,742	5,152	

PROJECTS BY SECTORS	Number of Projects	Physical Goals	Measurm. Units	# of Work Days	Vol. of Road(kgs)
01 AGRICULTURE	750			1,086,048	4,344,195
01 Construction of irrigation	45	111,313	ML	148,418	583,670
02 Cleaning & maintenance of ditches	13	24,595	ML	615	2,460
03 Irrigation canals	186	277,539	ML	370,052	1,480,209
05 Construction of terraces (andenes)	25	178,204	m2	118,803	475,211
06 Reconstruction of terraces (andenes)	16	187,520	m2	187,520	750,080
07 Construction of terraces	19	4,333	m2	87	347
09 Community & Family Animal Farms	100	4,901	m2	1,225	4,901
11 River defenses	5	15,424	m3	30,848	123,352
12 Tree nurseries	50	377,851	Plant.	12,595	50,380
13 Forestation	86	109,325	m2	7,288	29,153
14 Community & Family Orchards	93	169,370	m2	33,874	135,496
16 Upgrading of agricultural lands	8	30,000	m2	40	160
17 Infiltration Ditches	13	5,153	ml.	515	2,061
18 Construction of Wells	10	164	ml.	219	875
19 Construction of Dams & Reservoirs	64	67,487	m3	139,974	539,896
20 Production of Worms Humus	2	24	Tm.	240	960
21 Construction of rustic warehouses	15	19,368	m2	38,736	154,944
02 EDUCATION	582			91,675	366,699
01 Construction of school facilities	168	10,033	m2	20,066	80,264
02 Training courses	300	363,094	hours	60,516	242,063
03 Alphabetization	114	66,558	hours	11,093	44,372
03 ENERGY	12			1,410	5,640
01 Electrification	12	141	Km.	1,410	5,640
04 FISHERIES	7			4.5	18
01 Construction of Fish Breeding Centers.	7	9	Unid	4.5	18
05 HEALTH	161			255,212	1,000,847
01 Construction of Medical Posts	23	700	m2	1,400	5,600
02 Construction of Public Toilets	5	232	m2	464	1,856
03 Installation of Sewerage Syst.	8	23	Km.	38,667	154,667
04 Installation of Potable Water Systems	45	114	Km.	189,667	758,667
05 Construction of latrines	32	2,614	m2	5,228	20,912
06 Short Duration Training Cour- ses on General Health Issues	48	118,717	hours	19,786	79,145
06 TRANSPORTATION & COMMUNICAT.	127			418,891	1,675,563
01 Roads Construction	46	234	Km.	156,067	624,267
02 Rehabilitation of roads	47	384	Km.	255,780	1,023,120
03 Construction of small bridges	26	2,187	ml.	4,374	17,496
04 Rehabilitation of street sidewalks & lanes	8	2,670	m2	2,670	10,680
07 HOUSING	103			5,241	20,964
01 Construction of Parks for Children Recreation	10	16,011	m2	1,601	6,404
02 Community housing & sale shops	93	1,820	m2	3,640	14,560
TOTAL	1,742			1,858,481	7,433,926

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

CARITAS is continuing efforts to improve its program targeting and beneficiary identification and selection processes. During the reporting period, several CARITAS staff assisted the 40th Anniversary Conference on Food Aid in Washington, D.C. and other USAID-sponsored workshops in which a draft Food Security and Food Aid strategy was presented and discussed. In this strategy, clear program focus and demonstrable impacts on nutritional and food production problems of the most needy are called for. Although the current programs of CARITAS have a strong consistency with the strategy guidelines, further refinements and better focussing of programs is required. These challenges have been accepted by the CARITAS leadership and will be reflected in the next multi-year program designs and plans.

D. PROBLEMS AND DELAYS

New or expanded GOP food distribution programs, more political than technical in orientation, are creating problems in some areas among CARITAS beneficiary groups. The problem is expected to persist during most of the electoral cycle.

E. MAJOR ACTIVITIES AND CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. In developing its new Multi-Year Operational Plan, CARITAS will apply USAID guidance and the Mission's PL 480 Title II Program Logical Framework to come up with the best planned use of reduced food and financial resources in support of the highest priority target groups, especially poor rural farm families.
2. In coordination with USAID and COSAPITEC, CARITAS central office and regional staff will undergo specialized training to then fully implement the SISEPAD monitoring and information system. Data base entry is scheduled for January to March in 7 of the major Diocesan programs, and

107

this will permit partial results to be reported through the SISEPAD system in the next SAR.

3. CARITAS will conduct an evaluation of the Jungle Local Food Purchases pilot component to determine its viability and, if appropriate, continue and improve its implementation.

M:\ORDPUDCISNEROS\CARITAS.SAR

108

IA. BACKGROUND DATA

Project Title: **TITLE II PRISMA: Integrated Child Health and Nutrition Program for At-Risk Families - PANFAR.**

MYOP * FY 1993 - 1997

Implementing Agency: **Asociacion Benefica PRISMA
Ministry of Health (MOH)**

AID Project Officer/Manager: **Alfredo Gutierrez**

Date of Last Evaluation: **9/92** Next Evaluation: **1/95**

Planned Number of Non-Federal Audits during Fiscal Year: **One**

Number of such Audits Contracted for/Completed: **Current audit in process**

Date of Last Audit: **07/94** Next Audit: **07/95**

Approval of 1994 Work Plan: **06/93** 1995 Work Plan: **08/94**

IB. FINANCIAL DATA

Amount of Tonnage Authorized (FY 94):	15,130 MT
Balance in Stock 09/30/93:	3,608 MT
Tonnage Received (FY 94)	18,008 MT
Distribution (FY 94)	18,230 MT
Commodity Damage and Losses (FY 94)	129 MT
Balance in Stock 09/30/94	3,257 MT

Program Amount:	<u>FY 94</u>
- Commodities Value:	\$5,197,870
- Ocean Freight:	\$2,183,105
SUB-TOTAL:	\$7,380,975
- Monetization Title II:	\$2,600,000
- Monetization Title III:	\$2,600,000
- Farm Bill:	\$ 413,447
- PRISMA Funds:	\$ 25,200
- GOP-MOH:	\$1,638,225
- Recipient Containers:	\$ 80,000
TOTAL:	\$14,737,847

* MYOP is the PL 480 Title II Multi-Year Operational Plan for PRISMA.

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project relates directly to Mission Strategic Objectives Nos. 2 and 3: Broader-based, Sustainable Economic Growth, and Improved Health of High-risk Populations through access to and use of quality primary health care, including increased community involvement: (1) providing a social safety net to poor Peruvians suffering from food insecurity, (2) improving the health status of at-risk families, particularly mothers and children (0-59 months), and increasing their access to more integrated health services throughout Peru, and (3) providing health personnel training in key technical areas and management.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 5
No. 3 - 95

IIB. PROJECT PURPOSE

The purpose is to improve the health and nutritional status of mothers and their children (0-59 months) of families identified as being at high nutritional risk. The program uses a risk targeting approach as its strategy for the selection of beneficiaries.

III. PROJECT DESCRIPTION

The PANFAR Project is directed to beneficiary families identified through a risk analysis methodology as being at high risk for child malnutrition or death and which are located in depressed rural and peri-urban areas.

The Project has four main Components:

- Distribution of PL 480 Title II food commodities.** This component is integrated with other child survival activities, uses a high-risk targeting methodology, and assures a minimum of 6 months coverage for each family.
- Training.** Training is provided for 9,000 key health personnel from all MOH levels, and covers all areas of Project development and operation.
- Supervision, Technical Assistance, Monitoring and Evaluation.** On-going supervision and on-site technical assistance assures timely implementation of activities and provides bases for future planning. The supervisors also facilitate the compilation of data from the field for processing through the PANFAR Information System.
- Nutritional Rehabilitation.** Through the nutritional monitoring component called "KUSIAYLLU", PRISMA and the MOH have developed a home-based rehabilitation program for acutely malnourished children under 3 years of age.

Complementary to the above PANFAR activities, PRISMA has developed a Regional

Nutritional Surveillance Survey which to date has been installed in five regions⁵ with a total coverage of nine Peruvian Departments. The system provides critical data on nutritional levels by specific geographical areas and thus is an important instrument for planning purposes and for resource allocations.

IV. PROJECT STATUS

In close coordination with the MOH, PANFAR has achieved extensive coverage of basic health services through more than 2,600 health establishments throughout the country. These services are more integrated than in the past, mainly due to on-going, specialized training of MOH personnel at all levels as well as the preparation of locally identified health promoters from the participating communities. This training is being reinforced with a program of periodic supervisor and on-site assistance by both MOH personnel and 17 hired PRISMA Regional supervisors. These field visits have resulted in increased professionalism and commitment on the part of MOH personnel and community workers associated with the PANFAR program.

One of the more important components of PANFAR is that related to nutritional rehabilitation under the home-based pilot program called "Kusiayllu" or happy home. Efforts to date with acutely malnourished children under 3 years of age demonstrate that rehabilitation in the home is possible and at greatly reduced costs compared to clinical rehabilitation.

The impact of the PANFAR Program, shows a 48% graduation rate from the program at the end of 6 months⁶. In the Kusiayllu, 60% of acutely malnourished children are rehabilitated after six months in the program. After one year in the PANFAR program, 80% - 90% of the beneficiaries graduate.

A. END OF PROJECT STATUS (EOPS)

The current Title II program reporting system does not permit an efficient presentation of end-of-project-status indicators because PVOs design their programs on a Multi-year Operational Plan (MYOP) framework which does not include EOPS. USAID and PRISMA are working to institute the "logical framework" methodology within the MYOP.

B. MAJOR OUTPUTS

ACTIVITIES:	MYOP	FY 94 Programmed	ACCOMPLISHED		
			Period	Cum.	% of MYOP
A. IDENTIFY HIGH-RISK STRATEGY BENEFICIARIES:					
No. of Mothers a/	520,000	110,000	113,278	374,626	72%
No. of Children a/	1,040,000	220,000	181,811	531,162	51%
No. of Pre-school Children a/	925,000	185,000	175,454	355,987	38%
B. FOOD DISTRIBUTION:					
Maternal Child Health (MT)	82,500	16,500	7,991	30,702	37%
Pre-school (MT)	7,000	1,500	1,963	6,824	97%
Improve Central Warehouses (No.)	2	1	1	2	100%
C. SUPERVISION:					
No. Health Establishments	25,000	5,170	1,633	3,924	16%
No. Beneficiaries	3,000	600	0	1,325	44%
No. UDES/UTES	1,726	370	467	837	48%
D. TRAINING:					
No. Workshop Health Directors	6	1	0	1	17%
No. Nutritional Workshops	225	45	48	108	48%
No. Replica of Nutritional Workshops	900	100	100	308	34%
No. Participants in Workshops	9,000	1,800	2,556	5,190	58%
No. Partic. in Replicas of Workshops	10,783	2,000	3,561	8,501	79%
No. Evaluation and Program Events	5	1	0	2	40%
No. Participants to Eval/Prog Events	700	140	0	352	50%

⁵ The PANFAR Nutritional Surveillance Survey has evaluated the nutritional status of children from 0-3 year of age in the following regions: Arequipa (Arequipe department), Lima (Lima department), Libertadores Wari (Ayacucho, Huancavelica and Ica departments), Oruro (Tumbes and Puno departments), Inka (Cuzco and Madre de Dios departments), and the Nor-Oriental Marañon Region (Lambayeque, Cajamarca and Amazonas departments).

⁶ The required criteria for graduation are as follows:
a) no acute malnutrition among children less than 5 years of age in the family over the last three months,
b) completion of vaccination schedules by all children in the family,
c) attendance at three or more health and nutrition education meetings over the six-month period,
d) family planning counseling/method use, and
e) pre-natal care if the mother is pregnant.

1/10

ACTIVITIES:	MYOP	FY 94 Programmed	A C C O M P L I S H E D		
			Period	Cum.	% of MYOP
E. EDUCATION:					
No. at Distance Modules	28	15	0	4	14%
No. Participants from MOH	6,100	600	0	769	13%
No. Participants from MOE	3,900	0	0	0	0%
F. COMMUNICATION:					
No. Bulletins for MOH/MOE	20	4	2	8	40%
No. Calendars	5	1	0	2	40%
No. Posters	2	1	0	1	50%
No. Educ. Materials for Beneficiaries (Sets)	10	3	0	3	30%
No. Flipcharts	10	1	1	1	10%
No. PANSERV Reports	28	0	0	0	0%
G. REGIONAL NUTRITIONAL SURVEILLANCE:					
No. Regional Nutrit. Surveillance Rounds	5	0	1	4	80%
No. Risk Score Validation Studies	10	2	3	3	30%
No. Pampas San Juan Surveillance Rounds	15	3	2	7	47%
H. NUTRITIONAL REHABILITATION (KUSIAYLLU):					
Implementation of Kusiayllu (No. of SITES)	36	6	0	12	33%
No. Children Health Nut. & Rehabil a/3,600	1,800	0	2,165	60%	
No. Development Projects	350	18	0	329	94%
No. Trained Promoters	300	300	0	298	99%
No. Events with other PVOs in Food Distribution	4	1	2	5	125%

a/ These are not cumulative figures. The beneficiaries participate for one year; therefore, figures for the reporting period are the same as those for first FY 1994 SAR.

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

During the multi-year project period, PRISMA has helped the Ministry of Health (MOH) make enormous improvements in its targeting of supplementary feeding beneficiaries, from generalized coverage to a focus on nutritionally high-risk families, with particular emphasis on children under 3 years of age. Over 1.2 million high-risk children and mothers have participated and benefitted from this project since FY 93. The goal of integrating supplementary feeding with other critical health and nutrition interventions at the health establishment level has become a reality. This is in large part due to successful progress on another long-term project objective which is the continued in-service training of MOH personnel at all operational levels and the up-grading of local community health promoters. The improved expertise of over 13,000 professionals and community promoters is making a difference in the quality and timeliness of local health services. Also of note is the status of Regional Nutritional Surveillance Systems which have been installed in five of Peru's Regions, including a total of nine of Peru's 24 Departments. The goal of the PANFAR program is to establish this system in all of Peru's Regions. The pilot phase of the Nutritional Rehabilitation Project (KUSIAYLLU) is providing evidence of potential nationwide application. Data to date demonstrates that low-cost, home-based rehabilitation of the acutely malnourished child is possible. If continued implementation confirms this preliminary data, the KUSIAYLLU model promises to become a realistic alternative throughout Peru, and especially in rural areas, to the clinic-based treatment of acutely malnourished children.

PRISMA is continuing efforts to improve its program targeting and beneficiary identification and selection processes. During the reporting period, several PRISMA staff attended the 40th Anniversary Conference on Food Aid in Washington, D.C. and other USAID-sponsored workshops in which a draft Food Security and Food Aid strategy was presented and discussed. In this strategy, clear program focus and demonstrable impacts on nutritional and food production problems of the most needy are called for. Although the current programs of PRISMA have a strong consistency with the strategy guidelines, further refinements will be introduced in the next multi-year program design and plans.

D. PROBLEMS AND DELAYS

1. The main problem area continues to be the weakness of the MOH counterpart. The director of National Nutritional Institute (a dependency of the INS) was changed twice during this reporting period. At the moment, many pending activities need to be re-programmed: e.g. training events, the Andean Grains pilot Project, and supervisory visits.

2. The Government's social development programs (Focalizacion del Gasto Social) are being slowly implemented in the "Trapecio Andino" (Ayacucho, Huancavelica, Apurimac, Cuzco and Puno), an area of chronic neglect and poverty. Two problems have surfaced. First, the well trained MOH PANFAR coordinators are being hired by these other programs, and are leaving their posts. The second problem relates to a communication from the INS asking PRISMA to retrieve the weaning foods sent to Ayacucho and Cuzco under its Andean Grains weaning food pilot project. The rationale for this request is the potential duplication of the GOP program in reaching the beneficiary population. This INS program will probably last only for the months before general elections.

3. Due to changes in the National Health Institute, the Annual Operational Plan has not been approved by the Director, although approval of PRISMA's work plan has been given by the Ministry of the Presidency. PRISMA has made written requests to the National Health Institute for the definition of the counterpart person for the PANFAR program. PRISMA believes that the counterpart may be from the INS itself, although previously it was the National Nutrition Institute. The person PRISMA assigned to coordinate in the INS last semester is unable to do so until the National Health Institute Director responds.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. In order to offset the problems created by the lack of coordination from the central INS, the program coordinators from PRISMA are visiting Departmental Unit of Health directors in order to establish direct coordination. The results of these visits are positive, in fact the program is easier to manage directly.

2. The second 1994 National PANFAR Inventory will take place in October. Results of the first Inventory show a small difference between the documented stock figures and physical counts (11 MT), most of these differences were due to documentation errors.

3. The Andean Grains Weaning Food program, which has been coordinated with the INS in the past, apparently does not have the support of the present director. USAID will help PRISMA identify solutions to resolve this problem.

4. During the next reporting period, efforts will be made to initiate the design of the 1995 Operational Plan for the MOH based as much as possible on the 1995 MYOP. PRISMA is seriously considering handling some program components when appropriate with the Ministry of Agriculture and the Ministry of the Presidency for the Andean Grains project. PRISMA has held preliminary discussions with technical staff which seem promising.

5. In order to solve the problem of families who do not graduate from the program after 6 months (approximately 40-50%), PRISMA will improve the quality of education to these beneficiaries by assuring the use of the high quality communication materials for beneficiaries and they will set in motion a strategy of mini-campaigns designed for the needs of program beneficiaries in and around health establishments.

6. A mid-term evaluation of the PANFAR Project will be carried out with an external consultant, in January 1995.

7. A new FY 1996-97 MYOP will be formulated.

8. A workshop will be sponsored by USAID/Peru, to review the programs implemented by each Cooperating Sponsors, the new USAID Food Security Strategy and refocus the current programs.

9. A USAID sponsored impact evaluation of the Title II program will be initiated.

M:ORDFIDVAGMOSARPRM.II

PROJECT STATUS REPORT

April 1, 1994 September 30, 1994 A X B C

IA. BACKGROUND DATA

Project Title: PL 480 Title III, Monetization Program
Value of Active Agreements: FY-91 US \$ 30.0 million 7/09/91
FY-92 25.0 million 7/23/92
FY-93 19.5 million 4/13/93
FY-93 (Amend.1) 12.9 million 8/05/93
FY-94 (Amend.2) 13.0 million 5/27/94
FY-94 (Amend.3) 10.0 million 8/04/94

Implementing Agencies: FY-91 MEF, ENCI
FY-92 MEF, TRANSCONTINENTAL S.A.
FY-93 MEF, TRANSCONTINENTAL S.A.
FY-94 MEF, TRANSCONTINENTAL S.A.

Major Contractor: FY-91 ENCI
FY-92 TRANSCONTINENTAL S.A.
FY-93 TRANSCONTINENTAL S.A.
FY-94 TRANSCONTINENTAL S.A.

AID Project Manager: Raul Tapia
Date of Last Evaluation: None Next Evaluation: Dec. 94
Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of Such Audits Contracted for/Completed: None
Date of Last Audit: November 93 Next Audit: November 94

IB. FINANCIAL DATA

	FY 1992	FY 1993	FY 1994	TOTAL
A) Balance prior Agreement (Title I)	7.9			7.9
Balance (Title III)		21.9	25.8	
B) Generations by Agreements				
Agreement FY 1991	40.9		6.1	47.0
Agreement FY 1992		35.4	2.0	37.4
Agreement FY 1993			41.0	41.0
Agreement FY 1994			3.7	3.7
Total Generations	40.9	35.4	52.8	129.1
C) Total Disbursements	26.9	31.5	35.0	93.4
BALANCE	21.9	25.8	43.6	43.6

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific linkage to Strategic Objectives: This program supports Strategic Objectives Nos. 2 and 3: Broader-based, Sustainable Economic Growth and Improved Health of High-risk Populations through Access to and Use of Quality, Sustainable Primary Health Care, including Increased Community Development. The program supports these objectives through the importation of critical food commodities and the use of local currency generations for activities related to food security/health.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 70
No. 3 - 30

IIB. PROGRAM PURPOSE

This program has four purposes: to (1) support the GOP in adopting an overall policy framework conducive to food security, economic stability and growth, (2) satisfy the demand for essential food requirements, (3) save scarce foreign exchange, and (4) improve food security/health conditions within targeted groups.

III. PROGRAM DESCRIPTION

The program is designed to respond to the serious economic and social conditions in Peru and, more specifically, to Peru's need for improved food security. The importation of wheat assures the availability of wheat-based products on the local market, with all import and sales transactions carried out by the private sector. The local currency proceeds generated from the sale of wheat are used to promote food security through the implementation of development activities and critical social services jointly approved by USAID/Peru and the GOP Ministry of Economy and Finance (MEF). Simultaneously, the Mission and the GOP carry out ongoing policy dialogue on issues previously agreed upon by both parties.

IV. PROGRAM STATUS

Since the inception of the first PL 480 Title III Program in FY 1991, both the GOP and USAID have reinforced their collaborative efforts to achieve self-sustaining economic growth and social development. To improve program coordination and management, the GOP has established a Special Unit in the MEF to serve as a focal point for program management purposes for both the USAID PL 480 Title III and the Economic Support Programs.

Under the first Multi-year Title III Program initiated in FY-93, the GOP agreed to implement a three-year policy reform agenda for the agricultural sector intended to be consistent with what multi-lateral institutions like the World Bank and the Interamerican Development Bank and the IMF are doing under the macro economic stabilization and structural adjustment programs.

In spite of the fact that the policy reform agenda has had a slow start, due principally to the structural resistance of farmer interest groups to implement

drastic changes to liberalize the economy and to the differing views of the MOA and MEF expert advisors, the PL 480 Title III Program is achieving its objectives.

The Multi-year Title III agreement signed on April 13, 1993, programmed for the period 1993-1995 a total of US\$79.4 million. A balance of US\$24.0 million for FY 95, remains.

Status of the Multi-year Agreement: (in million dollars)

FY	Programmed	Actual	Balance
FY 93	19.4	32.4	(13.0)
FY 94	30.0	23.0	7.0
FY 95	<u>30.0</u>	<u>--</u>	<u>30.0</u>
TOTAL	<u>79.4</u>	<u>55.4</u>	<u>24.0</u>

A. POLICY DIALOGUE BENCHMARKS

I. Discussion on Progress Achieved in the Implementation of the Policy Dialogue for Year II

I. Background

The GOP has continued to make headway in stabilizing the Peruvian economy. For the second year in a row the economy is showing significant growth rates, 7% in 1993 and 12% for the first eight months of 1994. Inflation has been drastically reduced to monthly rates of less than 1% (the CPI for September 1994 reached 0.5%, the lowest level in many years). IMF authorities have expressed satisfaction with the progress made. For the path that lies ahead, the IMF considers of critical importance that Peru continues with firm fiscal and monetary discipline along with the efforts to strengthen the momentum of growth with sectoral reforms.

The agricultural sector experienced a growth rate of 15.2% for the first eight months of 1994. An overall growth rate of not less than 10% for the whole year is expected. In 1993, the sector grew 6%. In 1993 and 1994, Peru enjoyed excellent climatological conditions aiding agriculture.

The privatization of public enterprises shows significant progress, making important contributions to Peru's foreign exchange reserves which are approaching the unprecedented level of 6 billion dollars. The security situation in Peru has also improved considerably. A result of the peace process has been the willingness of displaced Sierra families to return to their homelands.

The current administration still has critical tasks to fulfill in most sectors of the country. The most sensitive reforms are being delayed due to the upcoming presidential and congressional elections. In the economic sphere, corrective steps have to be taken in relation to the overvaluation of the exchange rate, promotion of exports, the deficits in the trade balance and current account of the balance of payments, high interest rate levels for loans, adjustments in salaries and wages, refinancing of the public debt with the foreign commercial banks, and others. In the agricultural sector, the laws governing water, seeds, forestry, land titling and registration are still under preparation and discussion and may be promulgated after the April 1995 election.

Poverty and food insecurity have been recognized as two of the most pressing socio-economic problems affecting Peru's society today. There is agreement on the need to design and carry out an effective poverty alleviation program in the short-run, and on the need for a longer-term program entailing a more permanent solution to these critical problems.

Early 1994, USAID/W approved the first annual progress report on the policy dialogue, approved the new set of benchmarks for Year II, and authorized the signing of Amendment No. Two (dated May 27, 1994) and subsequently Amendment No. Three (dated August 4, 1994), to the multi-year PL 480 Title III Agreement signed with the GOP.

II. Reform Agenda

The following is a summary of the progress achieved on the reform agenda approved for Year II:

II.1 Benchmarks included in the bilateral agreement

a. Implementation of IDB & GOP agreement on surcharge reduction.

In 1994, two overall reductions on the surcharge structure were effected, one on April 5th and the other on October 10th. Under the first set of reductions, the wheat surcharge was reduced by 26% and corn by 33%. Under the second set of reductions, the surcharge for wheat was further reduced by 13% (now \$20 for a FOB price of \$133 per metric ton), and corn by 17% (now \$5 for a FOB price of \$109 per metric ton). The next round of reductions will be made in January and July of every year until 1997, when the surcharge structure is expected to be eliminated.

b. Continuation of ENCI (Empresa Nacional de Comercialización de Insumos) as a private firm without GOP subsidies/support

ENCI has continued to operate without any subsidies and/or support from the GOP. Twenty-one of ENCI's warehouses were sold to both the Ministry of Education and to the Ministry of the Presidency. Reductions

in the levels of operations and personnel have continued. Presently, ENCI is marketing a total of 200,000 metric tons of commodities, among which are fertilizers (main commodity), wheat, corn and powdered milk. The Letter of Understanding signed by the GOP with the IMF provided for a total volume of transactions of 300,000 metric tons.

ENCI's labor force has been reduced to approximately 360 employees from a previous level of almost 3,000.

c. Schedule for ENCI privatization finalized by COPRI.

With the appointment of the President of ENCI as Minister of the Presidency, ENCI's CEPRI (Comité Especial de Privatización) has not been able to conclude the privatization plan for submission to the COPRI (Comité de Privatización). CEPRI activities will be restarted once a new President for ENCI is designated, probably late October or early November 1994.

d. Implementation of codes and regulations for Anti-monopoly Law by INDECOPI (Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual).

Discussions with INDECOPI officers reveal that currently the drafting of the codes and regulations of the Anti-Monopoly Law is not a priority in itself because the law, as it stands today, is broad enough to permit a large variety of actions by INDECOPI. There is the concern that the drafting of rules and regulations, being too specific, might restrict INDECOPI's level of intervention.

e. Continued dialogue through the Export Sector Panel, implementation of study results, including the drawback mechanism for agricultural exports and expanded Peruvian participation in the Andean Pact.

The Export Sector Panel funded by USAID's Export Trade and Development Project (ETD) has played an active role since its inception in the promotion of Peru's agricultural exports. The Panel terminated its functions in June 1994, when the Project changed its focus to microenterprise and small producers development as directed by USAID/W.

ADEX (Association of Exporters), with ETD funds, contracted PRO DESARROLLO, a local consulting firm, to study the potential impact on the Peruvian economy, that might be induced by the adoption on behalf of exporters, of a drawback mechanism along with the establishment of a system for refunding the domestic Selective Consumption Tax on fuels. The study that was submitted to the Minister of Industry, estimated the following potential positive effects on the Peruvian economy: increases in the value of exports by \$486.6 million; the gross domestic product would be augmented by \$827.2 million; tax revenues would increase by \$122.4 million; and the creation of 225,000 new jobs.

According to the study, the adoption of the drawback mechanism and the package of tax refunds, would cost to the GOP Treasury approximately \$280 million.

Presently, SUNAT (Superintendencia Nacional de Administración Tributaria) has established the system of Notas de Crédito Negociables (Negotiable Credit Notes-NCNs) to refund exporters for the domestic Sales Tax (18%). SUNAT reports that just for August 1994, NCNs were issued of the amount of S/.41 million, and that 91% of all NCNs were for exporters. In addition, for the January-August 1994 period, S/.289 million in NCNs were distributed, and S/.286 million have already been utilized by recipients.

f. Transfer of INIA (Instituto Nacional de Investigación Agraria) property titles to privatized stations.

The Minister of Agriculture has testified before the Congressional Budget Commission that all research stations on the Coast have been or are in the process of being transferred to the private sector. What has occurred is that all coastal stations have temporarily been ceded to farmer associations and/or foundations, via operational contracts with INIA. Of the 30 stations, INIA plans to keep 9: Puno, Cusco, Cajamarca, Tarapoto, Huancayo, Pucallpa, Iquitos, and two others, and transfer the others to the private sector.

Fundación Peru, an indigenous NGO, with the assistance of USAID has contracted a study on the Coastal research stations to determine their true potential for an effective transfer to the public sector. The Minister of Agriculture has expressed his desire to transfer to Fundación Peru 4 stations located in Lambayeque, Ica, Arequipa and Moquegua.

g. Seed Law passed

The Ministry of Agriculture and the Agricultural Commission of the Congress (ACC) are still exchanging views on the contents of the proposed law. There is speculation that this law will be promulgated after the election period. USAID will discuss with the ACC the potential need for technical assistance.

h. Water users Law passed.

The Ministry of Agriculture and the Agricultural Commission of the Congress (ACC) are still exchanging views on the contents of the proposed law. This law may also be enacted after the election period. USAID will discuss with the ACC the potential need for technical assistance.

i. Rules and Regulations on Cajas Rurales prepared; 12 Cajas operating with US \$3 million owner capitalization and US \$10 million COFIDE credit line.

As of September 1994, 6 Cajas Rurales are in operation, with a total paid-in capital of \$2.1 million. Additionally, these Cajas are administering \$5 million from the FONDEAGROS. Also, COFIDE has provided credit lines to the Cajas in the amount of \$4.9 million.

According to Legislative Decree No.25612 that created these rural credit outlets, the latter can borrow and lend up to 10 times their paid-in capital, that is, \$21 million, so far. It is reported that these Cajas have provided credit for planting 200,000 hectares during the 1993-1994 agricultural campaign (8/93-7/94).

On 9/20/94 the Ministry of Agriculture published Ministerial Resolution No.0584-94 stipulating that in regions where there is a financial intermediary providing agricultural credit, the existing FONDEAGRO(s) should be liquidated.

The rules and regulations for the Cajas Rurales Law are still under study.

j. Legislation passed on unified property registration system; 40,000 properties for 200,000 hectares titled and registered.

For the June-September 1994 period, the Minister of Agriculture via PETT (Programa Especial de Titulación de Tierras y Catastro Rural) has delivered to farmers, nation-wide, 22,000 property titles. The Minister expects to deliver up to 47,000 property titles by December 1994.

Presently, the MOA is planning to update the rural cadastre through aerial photography.

After being vetoed twice by the President, the National Law of Public Registers No. 26366 was finally promulgated on October 16, 1994. The Law establishes the creation of the long-awaited Superintendency of Public Registers, as an autonomous entity to dictate policy and norms that will govern all public registers in Peru. For a term of five years the Registro Predial (Rural/Marginal Urban Cadastre System) will operate as a decentralized public register of the Superintendency. PETT has been denominated as a Special Investment Project for the Agricultural Sector.

MOA officers report that the Inter-american Development Bank will refund the GOP Treasury up to \$12 million that has been advanced (on account of the IDB loan to be signed early next year) to MOA for improving the computerized data processing capacity of the agricultural sector.

II.2 Benchmarks not included in the bilateral agreement

a. Studies of various farmer-owned and operated agricultural marketing mechanisms to broaden market participation and transparency.

The Ministry of Agriculture reports the formation of 60 multi-communal and 107 communal enterprises that group more than 4,000 peasant communities nation-wide. These new types of small farmers' organizations have permitted the provision of technical assistance and credit to these enterprises in a very cost-effective manner. Economies of scale are being realized not only on the purchase of inputs for agriculture but also on the marketing of their production.

See benchmark (e) below dealing with commodity exchanges.

GRADE (Grupo de Análisis para el Desarrollo), a domestic consulting firm, carried out an agricultural marketing workshop in August, 1994 to present the findings of marketing research studies on rice, potato, and fruits. This workshop was funded by the PL 480 Title III Trust Fund.

b. Studies to barriers to market entry and market concentration for specific agricultural products which will facilitate action by INDECOPI against violators of broad market participation and transparency.

ORD is in the process of determining which agricultural products could be selected for the study.

c. Study on broadening the tax base in agriculture and determining this impact on investment, production, consumption and tax collections.

Various domestic entities (Organización Nacional Agraria-ONA, Asociación de Promoción Agraria-ASPA, Centro de Estudios Nueva Economía y Sociedad-CENES, etc.) with extensive experience in domestic agricultural matters, have carried out tax studies pertaining to the agricultural sector. The focus of their recent studies has been the sales tax on

agricultural commodities as embodied by the tax reform package enacted by the GOP on December 31, 1993, later modified in January 1994 with the creation of the RUS (Régimen Unico Simplificado-Simplified Tax System) which combined sales and income taxes. Sector experts as well as farmers and even the Ministry of Agriculture have indicated the inapplicability of such a system to agriculture due to planting and production seasonality. The pressure for a modification in the system has been so effective that SUNAT is presently working in the modification of the RUS, especially for agriculture.

d. Preparation of the Food Security Strategy which will guide Title II and Title III activities.

The Food Security Strategy study was contracted with LAC/TECH. The study is in its final stage of completion and will be submitted in final draft to USAID in November 1994. The study is being financed with PD&S funds.

e. Pilot test of commodity exchange markets in Peru to broaden market participation and spread risk.

In July 1994 a U.S. consultant provided consultancy services to the Economic Commission of the Peruvian Congress in the drafting of the law for establishing commodity exchanges in Peru. On 9/7/94 the Peruvian Congress approved the draft of the law and submitted it to the President for approval and promulgation. The law was promulgated by the President on September 30, 1994.

USAID and IICA (Inter-american Institute for Cooperation in Agriculture) have strongly supported the passage of this law and are coordinating actions oriented to the writing, by CONASEV, of the codes and regulations of the law. Also, both USAID and IICA will help in the formation of a private group responsible for the implementation of the first commodity exchange in Peru.

ONA (Organización Nacional Agraria) has been organizing "tables of negotiation" for transacting agricultural commodities, bringing together farmers, wholesalers and consumers. These "tables" constitute pioneer work in the direction of commodity exchanges. The last "table" was organized in Arequipa, on September 14, 1994 and brought together 64 traders among producers and wholesalers that transacted important volumes of rice, maize, coffee, quinoa and haba. ONA estimates that the prices to the farmers were increased by about 15% given the transparency of these transactions.

f. Studies on constraints to solutions for expanded agroexports, especially for products produced by small farmers.

USAID's Microenterprise and Small Producers Support Project has provided technical assistance packages, including the identification of domestic and foreign markets, for small farmers engaged in the production of citrus aurantifolia (lime fruit, lime oil and juice), fresh garlic, asparagus (canned, fresh and chilled), mango (fresh, pulp, concentrated, and chilled), dried beans, coffee, cacao (cocoa butter, paste, and powder), and onions. Jointly with ORD's Private Enterprise and Natural Resources Division, additional or complementary work will be identified to continue with the satisfaction of this benchmark.

g. Analysis of various financing options with combined public and private sector capital to privatize INIA research stations on the Coast.

Fundación Peru, an indigenous ONG, with the assistance of USAID has contracted a study on the coastal research stations to determine their true potential and feasibility for an effective transfer to the private sector.

h. Workshops to more clearly define constraints to agricultural research and extension, identification of solutions, and the respective roles of the public and private sectors in this process.

During July 13-15, 1994, the First National Convention for the Agricultural Sector (CONVERAGRO'94) was held in Lima. This workshop received approval and financing from USAID. This event was organized by the Peruvian Association of Agricultural Engineers, under the auspices of the Ministry of Agriculture. This convention brought together 318 representatives from the Agricultural Sector plus 100 special guests among local and foreign agricultural technicians.

Prior to the National Convention held in Lima, during the months of May-July 1994, CONVEAGRO'94 held 14 regional workshops in 9 Regions of Peru, oriented to the gathering of sectorial information that was discussed at the national convention. ASPA (Asociación de Promoción Agraria) is preparing a book on CONVEAGRO'94, that will discuss in detail the main papers presented in this workshop and the main conclusions.

Subsequently to CONVEAGRO'94, Fundación Peru organized a National Convention for Agriculture, held in Lima on July 20-21, 1994 to discuss the many problems affecting the agricultural sector in the areas of productivity, credit, and marketing. In August 1994, Fundación Peru organized a similar event in Cuzco and has programmed workshops in

II. LOCAL CURRENCY USES (1994)

In order to support the efficient implementation of local currency activities, USAID/Peru assisted the Ministry of Economy and Finance in creating and financing a special **USAID/MEF Management Unit**. Established on August 28, 1992, the Unit has gained considerable experience in managing Title III resources. The Unit is now fully staffed with qualified professionals, support personnel and equipment. Both the USAID/Peru's Controller's Office and Office of Rural Development (responsible for monitoring the monetizing of Title III commodities and the uses of local currency generations) have worked closely with the Unit to develop organizational and operating procedures.

The Unit plays an active role in the GOP budget programming cycle within the MEF as well as during the implementation of activities receiving Title III resources. It has been given full authority to contract with the private sector for project implementation which has resulted in considerable expansion of participation of PVOs and NGOs in the local currency programs.

An important responsibility of the Unit is the administration of the special and maintenance-of-value accounts of the Title III program. The Unit is providing the USAID/Peru's Controller's Office with a monthly report on the banking transactions pertaining to the above-mentioned accounts on the basis of which the Controller's Office prepares the local currency reports for Washington.

Presently, USAID/Peru is making in-house arrangements to define and develop a set of impact indicators for all its projects and programs, including the activities financed with Title III local currencies. The USAID/MEF Management Unit will be involved in designing the indicators as well as coordinating with implementing agencies the generation of data to measure such indicators for the Title III program.

According to the Title III Agreement signed on April 13, 1993, not less than 10 percent of the sales proceeds will be programmed for use by "indigenous nongovernmental organizations and cooperatives active in rural development, agricultural education, sustainable agricultural production, other measures to assist poor people, and environmental protection projects." In fact, the amount allocated to NGOs/PVOs/cooperatives in 1994 is \$13.377 million, or 29 percent of the total.

Following is the detail of the budgeting of Title III resources in 1994.

A. Counterpart Funding for A.I.D. Projects (\$27.995 million)

1. Title II - The PVO cooperating sponsors receive GOP funding as its required contribution to financing in-country transportation and storage costs of imported commodities used for feeding and for priority food security-related project activities:
 - a. ADRA/OFASA (\$2.3 million) - In support of (1) a health and nutrition component aimed at pregnant and lactating mothers and nutritionally high-risk children from 0-71 months of age, focussing on basic sanitation, hygiene and primary health care; and (2) an income growth component focussed on promoting the organization of group-operated enterprises and the generation of employment opportunities as well as greater production and productivity in the agriculture sector through the provision of agricultural credit, tools, and other inputs to farmers with below average yields.
 - b. CARITAS del Peru (\$2.0 million) - In support of upgrading the health and nutritional status of at-risk families living in extreme poverty in the rural and peri-urban areas of Peru, orienting food-for-work activities toward increased agricultural production and productivity, and promoting opportunities to generate alternative sources of employment and income.
 - c. CARE/Peru (\$2.606 million) - In support of integrated development of communities in depressed peri-urban and rural areas of major cities and Sierra regions located in eleven (11) Departments of Peru to ensure their access to essential food, to increase family incomes, to improve health conditions, and to facilitate greater access to basic health services for the target population.
 - d. Asociación Benéfica PRISMA (\$2.6 million) - In support of improving the nutritional status of mothers and children from 0-59 months of age of nutritionally at-risk families through the integration of the supplementary feeding program of the Ministry of Health with maternal and child health care interventions.
2. Family Planning (\$1.5 million) - Through the Peruvian NGO APROPO, the GOP contribution supports the increase in availability of accessibly-priced contraceptive products and family planning services to moderate and lower-income Peruvian couples not using modern family planning methods but wishing to limit or space the number of offspring. This will be done through contraceptive brand advertising and promotion of contraceptive social marketing of products supplied by local manufacturers.
3. Rural Finance (\$3.0 million) - The MEF contribution provides a capitalization fund for a pilot Caja Rural in the Lambayeque managed by

Agricultural Cooperative Development International (ACDI) which will make credit available to farmers, farmer groups and rural businessmen supported by TechnoServe extension services. The GOP contribution will be augmented by an \$8.0 million discounted credit line to the Caja Rural provided by COFIDE, a second story lending institution.

4. Child Survival (\$4.5 million) - The GOP contribution supports the institutionalization of the expanded immunization program; the completion of the Ministry of Health (MOH) nationwide health information system; improvement in reporting of communicable diseases and rapid response to disease outbreaks; completion of in-service clinical training for MOH health professionals on diarrheal diseases, breastfeeding, weaning and acute respiratory infections; and design and implementation of a mass media communications campaign with specific messages for diarrheal diseases and infant feeding.
5. Health Care (\$3.0 million) - The GOP contribution to Project 2000 supports the strengthening of child and maternal health services, initiatives for efficient management through community-based preventative activities, and health care financing (cost recovery) through decentralization and increased utilization of health facilities.
6. Local Government Strengthening (\$5.0 million) - The GOP contribution is made through the National Development Institute (INADE) to fund productive projects prioritized by community groups and local governments for the purpose of strengthening the grassroots democratic institutions.
7. Agricultural/Regional Development (\$1.489 million) - The GOP contribution is made through INADE and the Ministry of Agriculture to close out activities under the Upper Huallaga Area Development and Agricultural Technology Transformation Projects. This involves completion of road construction, installation of agricultural processing facilities, and final audits and evaluations.
- B. Non-Counterpart Projects (\$17.954 million)
 1. Agribusiness Credit (\$4.0 million) - The MEF resources create a fund at COFIDE to provide credit through formal financial Peruvian intermediaries for the production, processing and export of non-traditional agricultural products. This contribution will be augmented by \$6 million from COFIDE and \$10 million from participating financial intermediaries and end borrowers.
 2. Employment Generation (\$7.0 million) - INADE manages the GOP funds to support labor-intensive construction projects in basic social infrastructure in impoverished communities. Since 1992 this social safety net program has channeled approximately half of its assistance through PVOs/NGOs.
 3. Displaced Persons (\$3.0 million) - In collaboration with NGOs, INADE manages the GOP funds to support the resettlement of terrorist-affected displaced persons from the Peruvian Sierra (Ayacucho, Apurimac, Huancavelica and Junin Departments) through labor-intensive reconstruction of basic social infrastructure and reactivation of agri-cultural activities. This is part of the USAID/GOP social safety net program.
 4. School Feeding (\$1.720 million) - Through the NGO "Olla Gigante", the Ministry of Education will test an alternative mechanism to produce a low-cost, highly nutritious porridge for large-scale school feeding programs targeted to children ages 3 through 8 in the poor southern cone of Lima (pueblo joven). This is one-shot infusion of "seed money" to get the concept off the ground.
 5. Agroforestry (\$96,000) - The NGO "Asociación de Desarrollo Forestal" (ADEFOR) uses the GOP resources to support its forestry and agroforestry activities in the Cajamarca Department related to research, training, technology transfer, technical assistance, and provision of tree seedlings.
 6. Integrated Pest Management (\$255,000) - The NGO "Red de Acción de Alternativas al Uso de Agroquímicos" (RAAA) uses the GOP resources to support its research, training, and education activities related to the reduced use of agro-chemicals in order to preserve the environment and health of Peruvians.
 7. Agricultural Development (\$300,000) - The "Fundación Perú" uses the GOP resources to support its efforts to design agricultural development projects and secure international donor and private sector funding for these projects (e.g., land titling, privatized agricultural research) which are of high priority to the public and private agricultural sectors.
 8. Policy Dialogue (\$400,000) - The MEF makes this amount available to carry out analyses, workshops, study trips, etc. related to specific policy dialogue issues to be administered by USAID through a trust fund.
 9. Program Management Unit (\$1.183 million) - The MEF provides its own local currency management unit with operational resources to plan, program, monitor and evaluate all Title III local currency activities. The Unit also participates in the policy dialogue activities of the Title III program.

A. Counterpart Funding

1. Title II Cooperating Sponsors		9,506,000
ADRA/OFASA	2,300,000	
CARITAS del Perú	2,000,000	
CARE	2,606,000	
PRISMA	2,600,000	
2. APROPO		1,500,000
3. TechnoServe/ACTI		3,000,000
4. Child Survival		4,500,000
5. Project 2000		3,000,000
6. Local Government Strengthening		5,000,000
7. Upper Huallaga		1,363,636
8. INIA		<u>125,000</u>
SUB-TOTAL		27,994,636

B. Non-Counterpart Projects

1. COFIDE - Agribusiness Credit		4,000,000
2. INADE - Temporary Employment Displaced Persons	10,000,000	
3. Olla Gigante - Min. of Education		1,720,000
4. ADEFOR		96,000
5. RAAA - Training		90,000
6. RAA - Research		165,000
7. Fundación Perú		300,000
8. Title III Policy Dialogue		400,000
9. Unit: Program Management		<u>1,183,297</u>
SUB-TOTAL		17,954,297

TOTAL ALLOCATIONS

45,948,933

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

- On May 27 and August 4, 1994 Amendments Two (US\$13.0 million) and Three (US\$10.0 million) respectively were signed with the GOP.
- The scope of work for the Study on Domestic Food Purchases was completed.
- The USAID Controller's Office representatives are working on developing an evaluation of impact measurement for local currency activities with the USAID/MEF Unit. The final document is to be finished at the beginning of October, which will contain several recommendations for the best management operations and a new set of formats, which permit more efficient information related to the uses of the Title III funds by projects.
- FFD is also coordinating with the USAID/MEF Unit procedures to evaluate the progress of each project financed with Title III funds.
- During the month of August the Title III Monetization Committee held several meetings with the purpose of evaluating all project proposals to be financed under Title III for CY 1995. As a result of these meetings, the Mission proposed 26 projects to the MEF for a total of US\$ 44.6 million dollars.

D. PROBLEMS AND DELAYS

The amount budgeted for CY 94 was US\$3.0 million for Project 2000. To date, there is no request for use of these funds presented by the Ministry of Health.

Due to the outstanding advances by the Ministry of Health under the Child Survival Project, the MEF/USAID Unit recommended to hold all the disbursements for the last quarter of CY 94.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS FOR NEXT SIX MONTHS

1. Issue a PIL that emphasizes the respective programming and monitoring roles of USAID and the MEF Special Unit.
2. Initiate impact evaluation of policy and local currency use from FY-91 programs.
3. Definition of the INADE organization that will manage Title III-projects for CY 95.
4. Definition of the budgetary situation of Project 2000.
5. Definition of the status of the Title III Program for FY 95; in the Action Plan the Mission projected US\$10.0 million, but according to the Bilateral Agreement the mortgage on the donation is US\$24.0.
6. Determining the possibility of utilizing Title III funds within Microenterprise and Small Producers Support Project (MSP) agricultural production activities which impact on food security especially in the highlands and jungle regions.

120

1. **Project Title:** LAC Regional and Natural Resources Management and Technical Services Project (LAC TECH II)
Project Number: 598-0807
2. **Funding Level:** \$6,499,525 for LAC plus Mission buy-ins
3. **PACD:** 08/05/98
4. **Project Purpose:**

The purpose of the Peruvian portion of the Project is to access high-quality, short-term technical assistance and analytical services in the areas of: (1) non-traditional agricultural export market identification, strategy preparation, and product processing/preparation; (2) environmental/natural resources strategy preparation; (3) food assistance/food security/sustainable economic development strategy preparation and review; (4) policy dialogue issues; and (5) privatization of agricultural research and extension. These activities directly support the Mission's Strategic Objective No. 2: Broader-based, Sustainable Economic Growth.

5. **Nature and extent of Mission Management Requirements:**

ORD determines LAC TECH services and timing required, coordinates with LAC Bureau, obtains country clearances for TDYers, schedules meetings with recipients of technical assistance, and monitors this assistance while TDYers are in-country.

6. **Project Rating: A**

During the SAR period, three technical assistance missions were undertaken: one for 10 person-days to help prepare the broad-based, sustainable economic growth Strategic Objective No. 2 for the Mission's Action Plan; and two for a total of 50 person-days to plan for and prepare the Mission's Food Security Strategy. Assistance has been timely and has definitely met the expectations of the Mission.

In September the Mission agreed with LAC that we would provide a FY 1995 OYB transfer of \$60,000 to the Global Bureau to support LAC TECH II assistance to the Mission during 1995. Concurrently, the Global Bureau will provide \$80,000 of its own resources to support Mission needs.

M:ORDADMD/POCLACTECLAR

**STRATEGIC
OBJECTIVE 3**

IMPROVED HEALTH OF HIGH-RISK POPULATIONS

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B C

IA. BACKGROUND DATA

Project Title: CHILD SURVIVAL ACTION PROJECT
 Project Number: 527-0285
 Date of Authorization: original 09/28/87 amendment one 07/11/91
 amendment two 09/29/92
 amendment three 06/30/94
 amendment four 08/31/94

Date of Obligation: original 09/29/87 amendment one 03/01/88
 amendment two 08/29/88
 amendment three 07/24/89
 amendment four 08/01/89
 amendment five 08/19/91
 amendment six 09/30/92
 amendment seven 04/07/93
 amendment eight 06/30/94
 amendment nine 09/30/94

PACD: original 12/31/92 amendment one 12/31/94
 amendment two 12/31/95

Implementing Agencies: 1. Ministry of Health (MOH)
 2. Peruvian Institute of Social Security (IPSS)

Major Contractors: 1. U.S. Centers for Disease Control (CDC, PASA)
 2. LAC Regional Accelerated Immunization II Project (Buy-in)
 3. HEALTHCOM II Project (Buy-in)
 4. The PRISM Group (Contract terminated on 10/30/92)
 5. Alpha Consult S.A. (Contract terminated on 4/30/91)
 6. Peruvian University Cayetano Heredia

Project Officer/Manager: Susan Brems/Gerardo Arabe

Status of CPs/Covenants: CPs - Satisfied or on track; Covenants - On track.

Date of Last Evaluation: 09/12/90 Next Evaluation: 6/30/95

Planned Number of Non-Federal Audits during Fiscal Year: 2 (UPCH and Alpha Consult) (*)

The Number of such Audits Contracted for/Completed: 2/2

Date of Last Audit: See Note (*) Next Audit: 6/30/95

(*) Draft reports for RIG/A/SJ managed Alpha Consult (\$598,481) and UPCH (\$197,157) audits were completed on 5/31/94 and 6/1/94 respectively. MOH will be audited at EOP. The PRISM Group audit for \$3.5 million was carried under A/OP responsibility. Another audit for UPCH's CA will be conducted o/a 6/95. All other grant-funded expenditures were managed directly by USAID/Peru and will not be audited.

Implementation Work Plans: An implementation plan for the MOH's Epidemiological Surveillance Program for the remainder life of the Project will be approved through PIL No. 55, dated October 5, 1994. Other draft plans for the rest of the grant-funded components are being discussed with appropriate counterpart institutions.

IB. FINANCIAL DATA

Amount Authorized:	DA Grant: original	\$19,000,000	amended to \$ 17,627,200
Amount Obligated:	DA Grant: original	\$ 2,600,000	amended to \$ 17,627,200
Amount Committed:	Period:	\$ 360,307	
	Cumulative:	\$15,761,912	

Accrued Expenditures:	Period - Projected:	\$ 1,500,000
	Period - Actual:	\$ 1,704,852
	Cumulative:	\$14,166,154
	Period - Next:	\$ 1,500,000

Pipeline:	\$ 3,461,047
Outstanding Advance:	\$ 358,520

Counterpart Contribution:	Planned:	\$15,764,000 - GOP Treasury; \$20,000,000 - (Title I & III HCOLC)
	Actual:	GOP Treasury: \$ 17,500,000 (Estimated); PL-480: \$ 17,500,000 (Estimated)

% LOP Elapsed:	<u>84.85</u>
% of Total Auth. Oblig.	<u>100.00</u>
% of Total Oblig. Exp.	<u>80.37</u>
% of Total Auth. Exp.	<u>80.37</u>

123

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This Project supports Strategic Objective No. 3: Improved Health of High-Risk Populations through Access To and Use of Quality, Sustainable Primary Health Care, including Increased Community Involvement by contributing directly to the achievement of its three Program Outcomes (PO), as follows:

PO No. 1: Increased use of primary health care services. The Project contributes to this PO by reducing preventable maternal and infant/child deaths in Peru. The reduction of maternal/infant mortality is being accomplished through the provision of technical and financial assistance for training, commodities and services needed to improve the coverage and quality of Ministry of Health's (MOH) maternal and child health services, such as the immunizations program for 6 EPI childhood diseases and tetanus toxoid for women in child-bearing age, peri-natal care, and the diarrheal disease control and acute respiratory infections programs.

PO No. 2: Heightened sustainability of primary health care. This Project contributes to this PO by providing technical and financial assistance for strengthening MOH's nationwide active epidemiological surveillance, immediate regative disease notification, health and management information, and field monitoring and supervision systems. With exception of the latter two, all of these systems were created under the Project and are currently operational, including the computerized HIS/MIS that replaced the MOH's 54-year old manual system. The interaction of these improved systems allows the MOH to streamline its management decision making process to prevent and respond to public health problems.

PO No. 3: Strengthened Preventive first-line care in the home and community. The Project contributes to this PO by promoting 4-6 month exclusive breastfeeding, adequate weaning practices, and the use of oral rehydration therapy at homes and community facilities, including the use of home-made fluids when ORS is not accessible.

Percent of LOP Funds Relating to Strategic Objective No. 3: 100

IIB. PROJECT PURPOSE

To strengthen the capability of the public health sector to deliver improved child survival health services through an integrated, expanded and sustainable health care system.

III. PROJECT DESCRIPTION

The Project consists of two major components: (1) support for expansion of selected child survival (CS) services; and (2) strengthening of decentralized support systems for sustainable CS service delivery. Within this context, since the enactment of the PP Amendment No. 2 in September 1992, grant funds have been used primarily to support five selected Project components. Accordingly, the targets for the remaining life of the Project are as follows:

- a. Institutionalization of the Peruvian Expanded Program on Immunization.
- b. Completion of the MOH nationwide health and management information system (HIS/MIS).
- c. Improvement of communicable disease reporting and capability to investigate and respond to disease outbreaks via a strengthened Active Epidemiological Surveillance network and institutionalization of the Field Epidemiological Training Program.
- d. In-service training for MOH health professionals on clinical management of diarrheal diseases and acute respiratory infections and promotion of breastfeeding and adequate weaning practices.
- e. Design and implementation of a mass media communications campaign with specific messages for diarrheal diseases, acute respiratory infections and infant feeding.

In addition, grant funds will also finance evaluations and audits and USAID/Peru management support. PL-480 Title III counterpart funds will continue to complement the in-kind contributions and GOP Public Treasury funds to support priority child survival interventions.

IV. PROJECT STATUS

Project status to date reflects basically the anticipated situation within the overall implementation plan; it presents several EOPS and outputs indicators fully achieved as well as minor implementation delays in several specific components. The EOPS regarding eradication of the wild polio virus from Peru was fully achieved, as certified by the WHO/PAHO International Polio Certification Commission. As Peru was the last country with a confirmed polio case in the Americas, its certification as polio-free country has led to the issuance of a Commission statement indicating that the whole region of the Americas is now considered free of the wild polio virus.

The computerized HIS/MIS systems are now operational nationwide. The system collects slightly over 80% of the health statistics produced by the MOH nationwide. An increase in the data collection rate is expected to occur next reporting period.

The EOPS regarding the 80% average immunization coverage for BCG, DPT, OPV, and measles of children under one year of age is measured at the end of every year. The average coverage rate achieved during CY 1993 was 83.1%. Given the current trends of immunizations and the two vaccinations days scheduled for October and November 1994, it is expected that by the end of CY 1994 the average immunization coverage rate for under ones will be around 85%.

The national inventory of the MOH's cold chain equipment is 70 percent complete. Based on this result, the first purchase of complementary cold chain equipment was made. Other activities that depend on the final results of this survey, such as the selection of

the operational research studies, the design and maintenance training and logistics plans, and the final purchase of complementary cold chain equipment have been reprogrammed to be carried out during the next reporting period.

Three EOPS related to the in-service clinical training program are at 52% completion; however, this represents a significant achievement because this component only initiated its implementation in the last reporting period. Implementation activities towards achievement of the remaining five health impact EOPS are on schedule. Those achievements will be measured through the Project's final impact evaluation, the DHS III scheduled for CY 1996, and other national surveys.

Overall Project implementation pace during the reporting period improved over the previous period and continued towards accomplishment of the above mentioned targets and achievement of the original Project purposes and goal. Significant progress was achieved in the health communications component and the clinical in-service training program for MOH professionals. The health and management information systems (HIS/MIS) have been institutionalized in the Ministry of Health (MOH), while the curricula for the Field Epidemiology Training Program (FETP) as a new graduate program at the Peruvian University Cayetano Heredia (UPCH) was approved. Grant-funded expenditures exceeded by over \$200,000 the \$1.5 million originally scheduled for this reporting period.

Project Agreement Amendment No. Eight was issued on June 30, 1994 de-obligating \$1.5 million of grant funds, as the Mission's contribution to AID/W rescission requirement. Also, Project Agreement Amendment No. Nine was issued on September 30, 1994, extending the PACD by one year, to December 31, 1995, and adding \$127,200 from the AID/W micronutrient programs to finance an iron-deficiency operational research and pilot intervention. The PACD extension was required to offset earlier implementation delays caused by the USG sanctions to Peru under Section 620 Q of the FAA and the Brooke-Alexander Amendment, and especially those due to USAID/W's unanticipated contracting delays occurred during CY 1993. Final operational plans for every grant-funded activity are being discussed with project counterpart staff. All remaining grant funds are expected to be committed during the next reporting period. With the new PACD, the remaining Project target and EOPS indicators will be achieved.

A. END-OF-PROJECT-STATUS (EOPS) INDICATORS

EOPS INDICATORS	PROGRESS TO DATE
80% coverage will be achieved in children under one year of age for BCG, DPT ³ , OPV ³ , and measles.	Progress in achieving this EOPS is measured at the end of every year. The average coverage rate achieved during CY 1993 was 83.1%. Given the current trends of immunizations and the two vaccinations days scheduled for October and November 1994, it is expected that by the end of CY 1994 the average immunization coverage rate will be around 85%.
Wild polio virus will be eliminated from Peru.	EOPS fully achieved. Eradication of the wild polio virus from Peru was certified by the WHO/PAHO International Polio Certification Commission in September 1994.
The HIS/MIS computerized information system will be operational nationwide.	The HIS is fully operational with over 130 computer centers located one at the central level in Lima, 32 Health Regions/Sub-Regions, 60 hospitals and 47 health centers. As reported by the MOH's Office of Statistics and Informatics, the system now collects over 80% of the health statistics produced by the MOH nationwide.
An Active Epidemiologic Surveillance (VEA) system will be in place and up to 35 health professionals trained in field epidemiology will be assigned at the central and regional levels.	A negative disease notification system is fully operational with over 1400 notification units located nationwide. The first 10 FETP graduates (6 male and 4 female) are already assigned to different MOH national and regional offices. Another 10 participants (7 male and 3 female) completed their 2-year FETP training course in September 1994. These FETP graduates will be assigned to different MOH central and regional offices to complement the MOH's national net of epidemiologist. A third group of 19 trainees is scheduled to finish their 2-year training in June 1995.
80 hospitals will have trainer teams on diarrheal disease/cholera and acute respiratory infection.	A total of 119 physicians and nurses (80 females and 39 males) from 38 different hospitals were trained as trainers on clinical case management of diarrheal disease and acute respiratory infections.
44 hospitals will have lactation management/weaning trainer teams and will have written and implemented policies in support of breastfeeding.	A total of 117 health professionals (75 female physicians, nurses and obstetricians and 42 male physicians) from 30 different hospitals were trained as trainers on lactation management and weaning.
7,000 physicians, nurses, midwives, and auxiliaries will receive replicate training courses in diarrhea/ARI management and/or lactation/weaning management.	A total of 2,798 health professionals, including over 60% female participants, were trained in a total of 155 replica courses conducted outside Lima. Preliminary information indicates that another 70 courses for approximately 3,500 additional participants have been also trained, but the official reports have not yet been received at the PROCAME headquarters.
The use of unnecessary pharmaceutical (anti-diarrhetic and antibiotics) for treatment of diarrheal episodes in children under 5 will be reduced by at least one-third.	Base line data of 60% taken from DHS II (1992). EOPS to be measured through the Project's impact evaluation and by DHS-III (1996).
At least 70% of moderate and severe cases of ARI will be treated according to MOH norms.	Base line data of 50% taken from DHS II (1992). EOPS to be measured by DHS-III (1996).
55% of women with infants under four months of age will be exclusively breastfeeding.	Baseline level of 40% taken from DHS-II (1992). DHS-III (1996) and other surveys will provide progress and final data.
At least 18% of infants will receive calorically-dense foods as their first weaning food.	Baseline level of 2-5% according to DHS-II (1992). DHS-III (1996) and other surveys will provide progress and final data.
40% of women of fertile age will receive two doses of tetanus toxoid vaccine prior to or during pregnancy.	Baseline level of 20.1% taken from DHS-II. Current coverage is 31%. Final EOPS level to be measured by DHS-III (1996)
At least 50% of diarrheal episodes in children under 5 will be treated with ORS or home available fluids.	Base line data of 31% taken from DHS-II (1992). EOPS to be monitored from the DHS-III in 1996, and other available surveys.

125

B. OUTPUT INDICATORS BY PROJECT COMPONENT

Progress towards achieving Project outputs by Project component are as follows:

B.1. IMMUNIZATIONS

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
Completion of National Inventory of Cold Chain Equipment.	1	1	1	1	1	1	100
Functioning national maintenance and cold chain logistics plan in all MOH Regions and Subregions.	32	0	0	32	0	0	0
Cold chain maintenance training provided to at least one employee per health center and health post.	3,300	0	240	0	0	240	7
Basic refrigerator repair training provided to MOH staff in Regions and Sub-regions.	32	0	18	0	0	18	56
Completion of 2 operational research studies.	2	1	1	1	0	0	0
Replacement of refrigerators in disrepair to strengthen cold chain.	826	100	726	100	0	726	88
Inventory control and logistics system installed in each health region, with demonstration projects in 2 regions to finetune methodologies.	32	2	2	2	0	0	0

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

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
33 health regions and sub-regions inter-connected via computerized system to the central level for information sharing.	33	3	33	0	3	33	100
90% of health service transactions and patient consults recorded in the computerized information system.	90%	10	60	10	20	80	89
100% of health regions and sub-regions will receive monthly feedback reports on service statistics.	100%	10	50	10	10	60	60

B.3. EPIDEMIOLOGICAL SURVEILLANCE PROGRAM (VEA-FETP)

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
Physicians trained in field epidemiology and assigned to central and regional levels.	35	10	20	0	10	20	57
Sentinel sites established and functioning.	31	10	18	13	10	18	58
Obligatory disease reporting in 32 health regions and sub-regions.	32	0	32	0	0	32	100
National laboratory personnel trained.	180	0	0	50	0	0	0
National (1) and regional (5) reference laboratories upgraded.	6	0	0	1	0	0	0

126

B.4. CLINICAL IN-SERVICE TRAINING

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
80 MD-RN hospital teams trained as trainers in diarrheal and ARI case management.	80	20	28	30	10	38	48
44 MD-RN-Midwife hospital teams trained as trainers in lactation management and weaning.	44	12	12	14	18	30	68
7,000 medical, nursing and auxiliary personnel trained in replicate training courses.	7,000	1,500	1,680	4,202	2,618	2,798	40

B.5. HEALTH/NUTRITION COMMUNICATIONS

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
Formulation and issuance of a new MOH health education/communications policy	1	1	1	1	1	1	100
Health communicators will be trained on HEALTHCOM methodology to design and market health messages to prevent diarrhea and cholera, and promote breastfeeding and weaning	4 Works.	2	2	1	2	4	100
	60 Part.	60	60	60	60	60	100
Develop mass media health education materials and messages in four urban areas.	4	0	0	4	0	0	0
MOH central level staff will be trained on audiovisual techniques to design and produce health education materials and messages.	12	15	15	0	15	15	125

B.6 SHORT-TERM OVERSEAS TRAINING

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
Total Participants	20	3	17	4	7	21	105
Male Participants	10	2	9	2	3	10	100
Female Participants	10	1	8	2	4	11	110

B.7 LONG-TERM IN-COUNTRY TRAINING

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
Total Participants	39	10	21	1	10	21	54
Male Participants	20	7	7	1	7	8	40
Female Participants	19	3	13	0	3	13	68

C. Other Accomplishments and Overall Status

As scheduled, technical assistance was provided by AED/HEALTHCOM during the reporting period to national and regional staff of the MOH's Office of Communications. MOH's Ministerial Resolution No. 350-94 SA/DM was issued on September 12, 1994, approving the National Health Communications Policy. Peru is the first LAC country that has this instrument to guide the health communications activities in the country. This policy was enacted with the support of national public and private institutions and the Ministers of Health of the Andean Region. The last two workshops to complete the series of four and train MOH staff on AED's methodology for conducting local needs assessments/surveys and designing operational plans and implementation strategies of health communication messages on diarrheas, ARI, and breastfeeding and weaning, were successfully conducted. The participants trained are now expected to apply their knowledge into practice in their local jurisdictions. The fifth and last AED/HEALTHCOM workshop has been scheduled for November 1994 to fill any technical gaps and reinforce the training experience covered in the previous four workshops. In addition, a total of 34 health communications personnel from the MOH central and regional offices and NGO staff (12 female and 22 male) were trained at the University of Lima in radio production, photography, graphic arts and video production, as planned. All other remaining health communications activities programmed under the Project are expected to be fully accomplished, as scheduled, by the end of CY 1994.

During the reporting period, significant progress was achieved under the AED sub-contract with the Instituto de Investigación Nutricional (IIN, Nutritional Research Institute) to conduct a formative research in four urban areas and, based on that, develop and test health communications materials and messages to prevent diarrhea and cholera and promote breastfeeding and weaning. All required field data was collected, analyzed, and specific communications strategies and materials recommended for each area of study. Based on these results, health communications messages for radio and TV, as well as flipcharts and posters were developed. The production of these materials for field testing is underway. The final prototype materials incorporating the changes required from the field tests are expected to be produced and delivered to the MOH as scheduled, in December 1994.

The curricula and program proposal to institutionalize the two-year field epidemiology training program as a UPCH graduate program was formally approved by the UPCH administration. In the future, this program will be considered as one of the graduate training programs of the UPCH's recently-created Public Health Center. Upon completion of their two-year training course, the FETP graduates would receive a UPCH Certificate as Specialist in Epidemiology. Also, completion of a few more courses at UPCH would entitle them to obtain a Master's degree in public health, with a major in epidemiology.

The nationwide institutionalization and decentralization processes of the health and management information system (HIS/MIS) continued during the reporting period, basically as planned. Under a centrally-funded Family Planning Project, Management Sciences for Health refined the reporting features of the HIS software for the MOH's Reproductive Health Program. The technical refinements also introduced larger flexibility and access to the health data base, widening its reporting applications for the benefit of all other MOH health programs. The revised HIS version is currently being installed in all MOH computer centers nationwide. The HIS system is operating in over 130 MOH computer centers. One of these is located at the central level in Lima, while the others are in 32 health sub-regional offices, 60 hospitals, and 47 health centers. Although the production of quality health data varies among health establishments, the MOH's Office of Statistics and Informatics (OEI), which manages the system throughout the country, reported that an average of over 80% of the MOH's out-patient national health statistical data is now collected in a timely manner through the system.

Significant progress was achieved during the reporting period in the implementation of the UPCH/PROCAME in-service clinical training program for MOH health professionals. A total of 119 physicians and nurses (80 females and 39 males) from 38 different hospitals were trained as trainers on clinical case management of diarrheal diseases, including cholera, and acute respiratory infections. Also, another 117 physicians, nurses, and obstetricians (75 females and 42 males) from 30 different hospitals were trained as trainers in breastfeeding promotion and weaning. In addition, a total of 2,798 health professionals, including over 60% female participants, were trained in a total of 155 replica courses conducted outside Lima. Preliminary information indicates that another 70 courses for approximately 3,500 additional participants have been also trained, but the official reports have not yet been received at the PROCAME headquarters. In order to successfully complete the program targets of 360 trainers and over 10,000 physicians, nurses, obstetricians, and auxiliaries trained through replica courses, a four-month extension of the terminal date for the UPCH/PROCAME agreement, to April 30, 1995, is now being considered.

Two local IQC firms, Price Waterhouse and Panes, Chacacila, Barreda y Asociados S.C., were contracted by RIG/A/SJ last reporting period to conduct non-federal project financial audits covering the period September 1987 to December 1992. The former was contracted to audit the Project-funded teaching support to the Field Epidemiology Training Program, managed by the Peruvian University Cayetano Heredia. This audit was completed during this reporting period and a draft final report submitted to RIG/A/SJ in May 1994. The latter was contracted to audit the Project-funded, cost-reimbursable plus fixed-fee contract with Alpha Consult S.A., which had the responsibility of hiring and managing personal services contracts with a group of Peruvian management advisors to assist the MOH in Project implementation. This audit has been also completed and the draft final audit report submitted to RIG/A/SJ in June 1994.

D. Problems and Delays

The methodology to carry out the national inventory of the MOH's cold chain equipment was changed by WHO/PAHO surveyors from a national representative sample to a universal coverage of all MOH's health establishments. Due to this change, the inaccessibility of some health centers and post during the rainy season, and the unavailability of some MOH staff, only 70 percent of the establishments were visited. Consequently, some activities that depend on the final results of the survey are behind schedule. These include the purchase of a final complementary cold chain equipment, the selection of the operational research studies, and the design and maintenance training and logistics plans. All these activities, however, have been already reprogrammed to be completed during the next reporting period.

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

1.- Based on the results of the national cold chain inventory, the maintenance training and logistics plans will be designed and implemented, and the purchase of additional cold chain equipment will be made. The project-funded buy-in to the LAC Accelerated Program of Immunizations implemented by PAHO will be extended to permit the completion of the above activities.

2.- A total of 44 hospital teams of trainers and over 4,000 regional physician, nurses and auxiliary personnel will be trained in clinical management of diarrheal and ARI cases and on lactation management and weaning.

3.- The final reports for the non-federal Project financial audits contracted by RIG/A/SJ to audit the UPCH teaching support and the Alpha Consult contract will be completed.

4.- CY 1995 operational plans for grant-funded activities in support of the MOH's immunizations program, IIN studies, HIS/MIS and the laboratory strengthening program will be reviewed and approved.

IA. BACKGROUND DATA

Project Title: Strengthening Health Institutions Project
Project Number: 527-0319
Date of Authorization: original 09/28/91
Date of Obligation: original 09/28/91 last amendment 06/03/94
PACD: original 12/31/96 amendment 12/31/99
Implementing Agencies: CARE International (South)
Major Contractors: University Research Corporation (North)
Project Officer/Managers: Luis Seminario/Thomas Moore and Jennifer VerNooy
Status of CPs/Covenants: N/A, Cooperative Agreement and IC
Date of Last Evaluation: 9/94 (South) Next Evaluation: 6/96 (North) 8/96 (South)
Planned Number of Non-Federal Audits during Fiscal Year: One
The Number of such Audits Contracted for/Completed: One
Date of Last Audit: Calendar Year 1993 Next Audit: Calendar Year 1994

IB. FINANCIAL DATA

Amount Authorized: DA/Grant: original	\$18,000,000	
Amount Obligated: DA/Grant: original	\$ 3,025,000	amended: \$ 13,220,065
Amount Committed: Period:	\$ 6,188,660	
	Cumulative:	\$11,867,012
Accrued Expenditures: Period-Projected:	\$ 1,000,000	
	Period-Actual:	\$ 920,360
	Cumulative:	\$ 3,376,541
	Period - Next:	\$ 3,000,000
Pipeline:	\$ 9,843,524	
Outstanding Advances:	\$ 0	
Counterpart Contribution: Planned:	\$ 1,000,000 (cash in kind)	
	Actual:	\$ 0
% LOP Elapsed:	36.36	
% of Total Auth. Oblig.	73.44	
% of Total Oblig. Exp.	24.54	
% of Total Auth. Exp.	18.76	

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This Project supports Strategic Objective No. 3, "improved health of high risk populations through access to and use of quality, sustainable primary health care, including increased community involvement," by encouraging both demand from and active participation by community members, especially women, in sustainable essential private sector primary health care and reproductive health services, supported by the Institutional Contractor in the North and strengthened NGOs trained and implemented by CARE in the South, in coordination with the GO health sector institutions.

These services provide appropriate vaccinations, treatment of diarrhea and acute respiratory diseases, and promote family planning, prenatal care, and other reproductive health measures among high risk populations in rural and periurban areas of Puno and Arequipa in the South and the Chiclayo area in the North.

Percent of LOP Funds Relating to Strategic Objective No. 3: 100%

IIB. PROJECT PURPOSE

The SHIP purpose is to identify different models of private sector primary health care service delivery which improve access, coverage, efficiency and sustainability of the services in two areas of Peru, and to test and evaluate their operational and financial feasibility in two geographic areas of Peru.

III. PROJECT DESCRIPTION

The Strengthening Health Institutions Project (SHIP) is designed to address some of the principal constraints to increasing the coverage of high quality primary health care services to low-income populations in Peru. This is the Ministry of Health (MoH)'s responsibility, but Peru's economic and social crises have weakened the Ministry's capacity to assume it. The Government of Peru (GOP)'s current level of public health expenditure, 1.3 percent of GDP, is one of the lowest in the Americas. SHIP is meant to complement MoH efforts by increasing the capability of the private sector to provide greater coverage of quality primary health care and efficiency. Thus, it will test the effects of particular innovations in service delivery on both programmatic and financial sustainability at a time when most of Peru's social and economic institutions are undergoing restructuring. SHIP is testing different types of models in Puno and Arequipa in the South and in Chiclayo in the North.

SHIP South is implemented through a cooperative agreement (CA) with CARE, which provides subgrants, training, and technical assistance to local NGOs. It seeks to improve major indicators and also attain sustainability through community level activities by strengthening the capacity of subgrantee NGOs to develop and test the innovations in primary health care service delivery, including reproductive health services to an estimated 205,631 women, children and men in Arequipa and 525,178 in Puno; indirect beneficiaries are estimated at 645,531 in Arequipa and 1,336,919 in Puno. SHIP North coordinates a sustainable network of health centers serving high risk populations through an Institutional Contract (IC) with University Research Corporation (URC), developing a sustainable network of quality primary health care centers, to benefit a population of 300,000 people, and to determine whether health indicators be raised while project activities become self-sustaining.

Grantees use the Health and Management Information Systems (HIS/MIS) developed for the MoH under the Child Survival Action Project and monitor the utilization of services by the primary target groups, provision of primary services, unit costs of services, and cost recovery. Practical training is provided to the health workers from the NGOs and the communities served.

Puno and Arequipa were selected since they represent two different types of situations and can test the sustainability question under different circumstances. Puno is classified as "Very Poor" by the GoP poverty agency FONCODES and has health indicators among the lowest in Peru, especially for the targeted Aymara Indians in rural areas. Arequipa has relatively higher indicators, but the Project targets periurban shantytown and rural populations where they are substantially lower than the Regional averages. The NGOs working in Puno are new and have limited institutional capability. Here a major effort is being made to raise that capability. In Arequipa the subgrants are directed toward more established NGOs, many of them with Church ties, which have greater institutional capability. These differences will help understand which conditions may make sustainability more likely.

The SHIP North health centers will belong to a community based organization in which consumers determine policy and help define quality. The test will then be whether such an organization can expand and improve primary health care services and also recover the costs of these services. Chiclayo is a fast growing area and is conducive to an entrepreneurial approach for the design of a self-sustainable primary health care network. It is the center of commercial activity in the Nor-Oriental Marañón Region, where the median income is 12.5 percent higher than the national average, which favors the sustainability of the network. SHIP will meet a major need in this area where few NGOs provide health care.

The process of privatization or partial privatization of basic health services is becoming more and more relevant to the management and financial sustainability of programs. SHIP allows USAID/Peru and the Peruvian health care community to explore the feasibility of these innovative models, with the expectation that they will establish criteria for the design of future health care delivery programs both public and private.

IV. PROJECT STATUS

Following two procurement protests, the northern program IC contract was signed in late June. The Chief of Party and the 3 of 5 long-term advisors to the Project are in Chiclayo initiating the Project. Two municipalities have offered to donate land and basic infrastructure to the Project so that clinics will be built in their neighborhoods. Negotiations and details are being worked out with the mayors and the people of these communities. Any site chosen will be chosen because of community interest and the results of a market/feasibility study. Procurement lists for the office and medical equipment have been drawn up and the sub-contractor, Clapp and Mayne, is proceeding on these procurement according to the schedule.

By the semester's end, the mid-term evaluation for SHIP South had been completed. This evaluation was participatory in character; from the beginning, CARE and the NGOs participated actively in developing the Scope of Work, and a workshop was held in Arequipa with the NGOs and local population representatives of the local populations, as well as CARE and Project staff and USAID representatives. Workshop participants received a preliminary report from the evaluators and contributed substantially to their findings. The evaluation concluded that the initial project design was an excellent one, particularly in its emphasis on community participation and ownership of the Project, strengthening the NGOs and training. CARE has been very successful in providing administrative training to the NGOs and putting the project infrastructure and personnel in place; generally. The strategic management experience of the project was found to be weaker, as was the emphasis in practice of involving the communities. Other needs found included making the educational materials more culturally and linguistically appropriate. CARE and USAID are now cooperating actively to strengthen the community participation focus of sustainability and restructure the NGO budgets.

The last of 20 subgrants was awarded in the South, to the Puno Red Cross to implement a laboratory for Papanicolaou tests for the Puno Subregion. All subgrants are advancing toward their goals on target. In Puno the wawa uta program, supported by three subgrants is providing support to the development of 290 integral child development centers, organized and administered by mothers' clubs in Aymara Indian communities now provide basic health, initial education and nutrition services to children of 0-5 years and their mothers. Other subgrants reinforce this activity with a training program, health education, and pharmaceuticals distribution. Two others provide reproductive health services for the first time in rural areas of Ilave and Huanacáné. Family planning services have been extended 600 women in the Ilave and Huanacáné areas of Puno, with mobile services being provided to rural areas.

In both Arequipa and Puno, AMAKELLA, has produced and transmitted health education "spots" and mini-programs in both Spanish and Quechua, thus maximizing impact throughout these regions. Two other sub-grants have procured pharmaceuticals, trained health promoters and are in the process of establishing "botiquines" in 400 communities. Because these "botiquines" or mini-pharmacies are the only sources of medicines available in these communities, they are beginning to initiate the trend of the modern, rational use of drugs to treat acute respiratory infections, and other common illnesses. Another subgrant has enabled an NGO to direct its health education and primary health services to ten rural and four urban areas that they visit several times per week. In the Paucarpata section of periurban Arequipa, AFOSMI inaugurated a new mother-child center where they attend births and provide pre-natal, post-natal and reproductive health services 12 hours per day, and plan to attain 24 hour service; the MoH services attended only 5 hours per day. AFOSMI expects to self-finance their activities from fees for delivery services.

Training and technical assistance activities have been completed on schedule. CARE is constantly identifying and addressing technical assistance needs. This semester, they organized successful conferences on financial and programmatic sustainability, pharmaceuticals procurement and distribution, and a number of workshops to review and plan project activities. The conferences allowed sub-grantees to convene, learn from national and international experts and discuss common concerns. Moreover, eight workshops and a number of other training events have been held

PROJECT STATUS REPORT
April 1 - September 30, 1994

A ___ B x C ___

involving community members, MoH authorities, CARE, and USAID project staffs. These events have noticeably brought together for common purposes NGOs which formerly had little contact or coordination and their shared experiences have permitted participatory strategic planning.

A. End of Project Status (EOPS)

<u>Planned EOPS</u>	<u>Progress To Date</u>
1. Improved health of the population in project areas.	Infant mortality, neonatal death, and maternal mortality, incidence of vaccine preventable diseases among children 0-5, malnutrition, and birth rates appear to be declining in South; more concrete data will be available with surveys at EOP.
2. Contribution to health policy dialogue on health care service delivery and financing policies.	Workshops and seminars held with MoH, private sector participation. Sustainability issue addressed in a variety of forms. MoH is attempting to define policies on Local Health Committees and focalization of services with project input.
3. Models of private primary health care service delivery evaluated and identified which improve access, coverage, efficiency, and sustainability of services in two areas of Peru.	One model of private PHC service delivery through NGOs is being tested in Arequipa and Puno in the South, with a variety of local styles under CA with CARE. A self-financing regional primary health care system involving communities is being implemented in the North under IC with University Research Corporation.

B. Major Outputs

	<u>Planned</u>				<u>Accomplished</u>		
	<u>LOP</u>	<u>Period</u>	<u>Cum. Next Period</u>		<u>Period</u>	<u>Cum. % LOP</u>	
1. One non-profit health care system in the Chiclayo area is 80 % self-sustaining in network operational expenses; revenue generations in project area sufficient to allow for cross subsidies.	1	0	0	0	0	0	0
2. A non-profit Primary Health Organization (PHO) established with charter, Board of Directors, and by-laws in North.	1	0	0	1	0	0	0
3. North PHO central office established and operating. 12 health clinics established and providing high quality health care to 150,000 people.	13	0	0	1	0	0	0
4. In North, clinics provide quality preventative services, curative services for fee, sell basic medicines.	12	0	0	0	0	0	0
5. Community boards of directors/advisors established for each clinic in North.	12	0	0	0	0	0	0
6. 20 subgrants made to NGOs in South.	20	1	20	0	1	20	100
7. PHC support/promotion activities conducted in South.	5	1	5	0	1	5	100
8. TA systems established and functioning in Arequipa and Puno.	2	0	2	0	0	2	100
9. Systems functioning for joint procurement of basic medicines.	3	0	2	0	0	2	67
10. Local councils functioning well, in Puno and Arequipa.	100%	0	50	20	0	20	20
11. MoH active in TAG and PRC and local dissemination in South.	100%	0	50	20	10	20	20
12. Legal, baseline, center location, marketing, feasibility, implementation studies conducted.	12	2	6	4	2	8	67
13. Monitoring systems in place, evaluations done.	6	1	3	0	1	3	50
14. Newsletters, conferences, workshops conducted with PHC providers. National health financing conference held at end of project.	7	1	2	1	1	2	29

C. Other Accomplishments and Overall Status

The majority of the Project beneficiaries are women, as mothers are being incorporated into the wawa uta programs; most of the sub-grants are directed at women aged 15-44 and their children. Training for 290 health promoters is underway in Puno; 70% of the participants are women. When

12/1

the training is complete they will be better able to attend basic primary health care needs such as vaccinations, size and weight control of infants, attention to acute respiratory infections and acute diarrhea.

The health information system, designed specifically for SHIP to refine the national level HIS/MIS system for Project needs, is now functioning in regional offices in Arequipa and Puno, and appropriate personnel have been trained. This system is providing salient management information to maximize project impact and facilitate monitoring.

Coordination with GoP agencies, difficult at first, is improving. Funding was obtained from the poverty agency FONCODES to construct buildings for eight of the wawa utas; two others were constructed with support from the USAID-financed PEIS program. Potable water systems have been financed by the GoP's housing agency FONAVI in support of the PHC services provided by the SHIP-funded San Martín de Porras mission program in the Arequipa.

D. Problems and Delays

The SHIP North design included the transfer of nine MoH clinics to a newly created NGO. Now, in an election year, the MoH is being extremely cautious about a transfer, as there could be a negative public response to privatizing community health centers. The municipalities, one potential source for the facilities, have been positive in their response to the Project.

In SHIP South there have been substantial delays in implementing the revolving pharmaceuticals fund because of misunderstandings about and difficulties in complying with USAID restrictions regulations, finding approved procurement sources with supplies of medicines having enough shelf life, and getting them to Peru. Also, most U.S. pharmaceuticals are substantially more expensive than those locally available, which threatens the sustainability of the funds. New studies are planned to deal with safety, quality control, and fund management issues, an amendment to the CA is being sought, and approval for the second lot of pharmaceuticals has been requested. We expect to overcome these difficulties in FY95, Q2.

CARE has not been in compliance with USAID prior approval, U. S. origin and ocean shipment requirements for vehicles procurement. After USAID provided careful and detailed explanations and indications, CARE has documented the situation with their explanations and a detailed system of controls to avoid repetition of this problem. Waivers and ex-post approvals are being requested, and procurement for the remaining vehicles needed in SHIP South is planned for FY95.

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

1. Resolve pharmaceuticals procurement problems with new guidelines, amendment of the CARE CA to allow for the sale of USAID-funded pharmaceuticals and approval for the final lot of USAID-funded pharmaceuticals. Subsequent pharmaceuticals will be procured from additive income to be generated by the revolving funds.
2. Resolve vehicle procurement by obtaining the necessary waivers and approvals.
3. Conduct studies to determine remaining NGO needs for both implementation and training, and on the basis of the results develop a plan for restructuring NGO, CARE, and USAID budgets, as well as determine whether or not the LOP should be extended and with what needs for funds. Contract a consultant anthropologist to recommend guidelines for the sociocultural soundness of the NGO work with Aymara Indian communities in Puno. Also determine what modifications of training and educational materials are needed in order to make them more relevant for Aymara and Quechua-speaking communities.
4. Work with CARE to develop plans to involve local communities more in all stages of the Project and its activities, stressing the need to include women in decision making. On this basis refocus training toward attaining programmatic sustainability by EOP. Promote better SHIP-MoH policy coordination and encourage the MoH to assume SHIP criteria and strategy.
5. Initiate recruitment of Board Members for SHIP North implementation agency and establish it as a legal entity. Design and initiate demand/feasibility studies, identify interested communities, and conduct baseline studies. Develop an integrated training program and a community outreach plan with community leaders and begin public outreach campaigns.
6. Continue MoH negotiations for the transfer of clinics in Chiclayo. Establish a schedule for the inauguration of the first two health centers.

M:\FIND\MIL\SAN\SEP\MR3.SAR

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

Rating: C

IA. BACKGROUND DATA

Project Title: PRIVATE COMMERCIAL FAMILY PLANNING (CFP)
 Project Number: 527-0326
 Date of Authorization: original 08/29/91
 Date of Obligation: original 08/30/91 amendments: 03/30/92, 04/19/93
 PACD: original 08/30/96
 Implementing Agencies: Apoyo a Programas de Población (APROPO)
 Major Contractors: The Futures Group/SOMARC and Johns Hopkins U./Population Communication Services (Buy-Ins)
 Project Officer/Manager: Maria Angelica Borneck
 Status of Cps/Covenants: Cooperative Agreement, all provisions are on track
 Date of Last Evaluation: August 1994 Next Evaluation: August 1996.
 Planned Number of Non-Federal Audits during Fiscal Year: one
 The Number of such Audits Contracted for/Completed: one
 Date of Last Audit: 12/31/93 Next Audit: 12/31/94. RCA required yearly.
 Approval of FY 94 Workplan: August 1993 Approval of FY 95 Workplan: December 1994

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	\$ 5,000,000	
Amount Obligated:	DA/ESF Grant: original	\$ 5,000,000	
Amount Committed:	Period:	\$ N/A	
	Cumulative:	\$ 3,642,336	
Accrued Expenditures:	Period - Projected:	\$ 500,000	
	Period - Actual:	\$ 526,941	
	Cumulative:	\$ 3,123,681	
	Period - Next:	\$ 550,000	
Pipeline:		\$ 1,876,319	
Counterpart			
	Contribution: Planned:	\$ 161,000	(Cash 133,000; in-kind 28,000)
	Actual:	\$ 834,000	(Cash 146,000; in-kind 688,000)

‡ LOP Elapsed:	<u>60</u>
‡ of Total Auth. Oblig.	<u>100</u>
‡ of Total Oblig. Exp.	<u>62</u>
‡ of Total Auth. Exp.	<u>62</u>

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This project supports Strategic Objective No. 3: Improved health of high-risk populations through access to and use of quality, sustainable primary health care, including increased community involvement. This activity contributes to the objective by providing family planning information, services and supplies through the commercial sector. It also provides information and referrals to potential users of family planning services of both the public sector and private voluntary organizations. Spacing of births and avoidance of high-risk pregnancies help reduce maternal and child morbidity and mortality.

Percent of LOP Funds Related to Strategic Objective No. 3: 100

IIB. PROJECT PURPOSE

To increase the provision of modern contraceptive methods through commercial sector channels.

III. PROJECT DESCRIPTION

This project attempts to decrease country dependence on externally-subsidized products and services. The project currently consists of two main components: social marketing of products and a national family planning communication program.

The target group of the contraceptive social marketing component are Peruvian couples of moderate and lower-income who do not use a modern family planning method but wish to postpone, limit or space their births. As of July 1994, these socioeconomic groups had a monthly average family income in the range of US\$ 178-221 (D class) and US\$312-418 (C class), according to APOYO S.A. The lowest group (E class) uses subsidized services and contraceptives offered by the public sector and some PVOs.

The objective of the social marketing component is to increase the availability of affordable contraceptive products to the project's target groups through commercial channels. APROPO seeks to increase contraceptive sales through brand advertising and the promotion of contraceptive social marketing (CSM) products supplied by local manufacturers.

The objective of the national family planning communication component is to better inform Peruvians about the benefits of modern contraceptive methods. A lack of information and misinformation about the health effects and use of family planning methods prevent the achievement of women's reproductive intentions and slow gains in the contraceptive prevalence rate in Peru. This problem was not addressed by previous population projects. APROPO, in coordination with other local institutions, has developed a mass-media communication strategy that includes communication needs assessments, audience research, communication campaigns, and impact evaluation surveys.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

IV. PROJECT STATUS

During the last six months, the project has launched a new brand of condoms (PIEL) into the market. The publicity campaign was initiated during the Soccer World Cup games. This campaign has been very successful. During PIEL's first four months on the market, sales surpassed the million mark, which represented 91 percent of annual sales projections. Total contraceptives sales during this reporting period provided 53,723 couple years of protection, a 28 percent increase above the level of FY 94 first semester sales. More than 1,900 pharmacists and pharmacy clerks were trained to provide information on contraceptive methods, and 80,000 pamphlets on contraception were distributed. A new pamphlet was developed in a more attractive format, and will be distributed during the next reporting period. More than 7,800 phone calls were received through the hot-line, and some 19,000 young adults attended project-supported street theater presentations.

For the second year in a row, APROPO developed a national communication campaign (Las Tromes II) for the Ministry of Health and the Social Security Institute. The campaign promotes the use of MOH and IPSS family planning services. The Minister of Health publicly endorsed the campaign by launching it during a press conference.

A. End of Project Status (EOPS)

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	Increased Couple Years of Protection (CYPs) of social marketing products through commercial retail sales: pills, injectables, vaginal tablets, and condoms.	The project has provided 82,322 CYPs during the second year and 95,833 CYPs during the third year, representing increases of 17% and 16% respectively (in the first project year the four promoted products provided 70,330 CYPs). Products sold include: two brands of pills, one vaginal tablet, and one injectable. In the third year, a fifth product (one brand of condom) was added to the program.
2.	Enrollment of eligible women of reproductive age in employer-subsidized family planning programs	Based on the recommendations of the mid-term evaluation, the project no longer supports this EOP.
3.	Increased knowledge about contraceptives and sources among women and men.	More than 1.5 million persons, or 42% of the target population (3.6 million) recalled some information provided by the project on family planning methods through the multi-media program. The telephone counseling service reached 7,800 persons, which represents 145% of the target. This demonstrates that people are responding to the communication campaigns and seeking additional information to make informed decisions about family planning.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

B. <u>Major Outputs</u>	Planned				Accomplished		
	LOP	Period	Cum.	Next Period ¹	Period	Cum.	% of LOP
a. CONTRACEPTIVE SOCIAL MARKETING							
1. Sales (thousands units)							
Microgynon (cycles)	N/A	335	1,883	289	278	1,573	N/A
Nordette (cycles)	N/A	75	348		74	341	N/A
Depo-Provera	N/A	36	191	40	36	170	N/A
Lorophyn (boxes x 12)	N/A	72	413	60	64	354	N/A
Condom 1 (boxes x 3)	N/A	184	--	300	335	335	N/A
2. Training							
No. pharmacies	N/A	2,143	6,300	1,000	900	2,341	N/A
No. trainees	N/A	2,852	8,795	2,000	1,917	6,636	N/A
Increase in knowledge	N/A	30%	30%	35%	37%	34%	N/A
3. Promotion							
No. pamphlets (thousands)	N/A	1,000	4,000	100	80	2,365	N/A
b. COMMUNICATION							
Radio spots/programs	N/A	160	1,628	300	313	10,358	N/A
Average Audience (thousands)	N/A	120	120	760	760	760	N/A
T.V. presentations	N/A	5	30	13	13	39	N/A
Average Audience (thousands)	N/A	800	1,383	800	800	686	N/A
T.V. microprograms/spots	N/A	60	--	400	400	400	N/A
Average Audience (thousands)	N/A	30	--	1,469	1,469	1,469	N/A
Theater presentations	N/A	40	288	52	52	242	N/A
Attendants	N/A	7	29	13	19	65	N/A
Counselling cases	N/A	1	3	3	3	7	N/A
Press articles/reports	N/A	18	62	37	37	119	N/A
Average # readers (thousands)	N/A	80	73	238	238	442	N/A
Hot-line counselling	N/A	3,000	12,000	8,000	7,811	17,407	N/A
c. INCOME/CONTRIBUTION							
(US\$) (Thousands)	N/A	161	513	410	834	1,703	N/A
- CSM (cash)	N/A	83	320	60	56	268	N/A
- Communications (in-kind)	N/A	28	121	300	688	1,323	N/A
- Other	N/A	--	22	--	--	22	N/A
- Condom (centrally-funded)(cash)	N/A	50	50	90	90		N/A

¹ NOTE: Targets for the next period and LOP are under revision.

C. Other Accomplishments and Overall Status

In order to maintain a dependable supply of products at prices affordable to the target population, at the beginning of the project APROPO signed agreements with four local producers of two brands of pills, one vaginal tablet and one injectable. During the reporting period, one of the laboratories opted not to renew its agreement with APROPO for next year; since their products sales had already doubled, they considered that any additional benefits from future investments would be marginal.

The project has established a very active communication program that includes a regular presence in mass media: TV, radio, newspapers, magazines, street theater, face-to-face counseling, a telephone hot-line, and a training program for pharmacists and pharmacy clerks to provide information on contraceptive methods. These efforts have contributed to increased knowledge and use of contraceptive methods, although it has been difficult to increase sales of the leading brand of pills, due to an overall declining trend in the use of this product at the national level. Pills now have to compete with Depo-Provera, another hormonal method, that is now available through USAID, following its approval by the U.S. Food and Drug Administration (FDA). Other popular methods in Peru are rhythm, the IUD and voluntary surgical contraception.

Following recommendations made in the previous SAR, the major activities accomplished during this reporting period were:

1. The mid-term evaluation was conducted in August 1994. This evaluation zeroed in on weaknesses in project management, virtually all of which had previously been detected by the HPN Office.

The main findings of the evaluation were that: the project has accomplished its objectives in a limited way; sales of oral contraceptives were stagnant; the social marketing component was not cost-effective; and project results were affected by the project's management style. The major recommendations were to strengthen program and financial management systems, according to specific recommendations; to reduce costs;

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

and to hire a new Project Director, leaving the General Manager responsible for external representation and the identification of other funding sources; to reformulate the contraceptive social marketing (CSM) strategy to promote the broader concept of reproductive health (in contrast to limiting promotion to family planning); to increase the quantity and improve the quality of the educational print material distributed through pharmacies in a way that addresses myths, rumors and fears about side effects, in an effort to reduce discontinuation of contraceptives; to integrate efforts of the two project components, Social Marketing and Mass Communication; to change the technical assistance in social marketing; and to redefine the objectives of Mass Communication activities in a way that takes behavioral change into account.

During the first three years of project implementation, the cooperating agency has demonstrated commitment, dynamism and creativity. However, despite these positive aspects, the HPN Office has consistently identified and worked to correct weaknesses in project planning, financial management and lack of internal leadership from the General Manager. At the time of the evaluation, for instance, a new financial and administrative manager was in the process of being hired to help strengthen these two project areas.

In the opinion of the HPN Office, the evaluation team report emphasizes the weakest aspects of the project. This is understandable, since the positive aspects needed no further actions. Nonetheless, the HPN Office considers that the analysis of the social marketing component was limited. The evaluation concluded that contraceptives sales were stagnant. This is only partially true: Of the four products, sales of the two brands of pills did not increase during the last year. Nonetheless, sales of the other two products increased: the Depo-Provera injectable increased by 25 percent and the Lorophyn vaginal tablet by 10 percent. Furthermore, last year, sales of the leading brand of orals recovered following a serious decline, and sales doubled for the second brand of pills, which had a smaller share of the market.

More importantly, the evaluation did not mention that through sales of these four products, APROPO received more than US\$ 200,000 in fees from participating laboratories. This income was used to cover most of their administrative costs. Additionally, the evaluation underestimated the negative effect that external factors may have had on the demand for contraceptive products within the commercial sector; these include a weak economic situation and a decrease in the prevalence of pills in favor of such other methods as the IUD and injectables.

USAID and APROPO have accepted most recommendations, with the exception of the recommendation to change the source of technical assistance in social marketing. The scope of work for this technical assistance, however, will be reformulated by HPN and APROPO. With regard to the other major recommendations, corrective measures have been initiated by APROPO. These actions will be monitored on a monthly basis.

2. The indirect cost study and institutional financial projections for 1995-96 by Price Waterhouse began in October and will be completed in January. A new Administrative and Financial Manager of APROPO was hired in order to undertake this task, as well as to organize and rationalize administrative procedures, and to update accounting records and balance sheets.
3. The 1993 Audit report was completed. No major problems were identified. The main issue related to the need to classify project expenditures correctly by component.
4. The quarterly reconciliation of accounts between APROPO and USAID was partially completed. APROPO sent its reconciliation reports as of March and June 1994 to the USAID/Peru Controller. APROPO still needs additional support from the Controller's Office in order to carry out the reconciliation with the appropriate methodology.
5. The Project annual workplan and budget for 1995 are being prepared by APROPO.
6. The APROPO General Manager was funded by USAID/W to attend the Cairo International Conference on Population and Development, held in September. She participated in the Forum of Non-Governmental Organizations, presenting project communication activities. The Peru communication products were well received by the audience, which was comprised of communication specialists from other countries.

C.1 Women in Development:

1. Project Staff:
The Project Director and fifteen of sixteen staff members are women.
2. Training of pharmacists and pharmacy clerks:
Of the 2,158 persons trained during this year, approximately 60 percent (1,295) are women.
3. Beneficiaries (contraceptive users):
The Project provides contraceptive protection to approximately 93,000 couples per year. Of these couples, 76,000 contraceptive users are women and 17,000 are men.
4. Communications:
The Project communication strategy includes messages for couples, women and men. Through research, APROPO has identified the need to address individual issues for men and women, in order to better educate them on modern contraceptive methods.

D. Problems and Delays

The promotion and publicity of third party products (pills, vaginal tablets and injectables) was stopped until the mid-term evaluation was completed. It will not be resumed until a qualitative study among users is carried out.

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

1. The Project CY 1995 workplan and budget will be submitted by APROPO and approved by USAID.
2. APROPO and USAID will complete quarterly reconciliation of accounts on schedule.
3. APROPO/Schering will conduct a user/non-user qualitative study and incorporate its results into the marketing strategy.
4. The evaluation recommendations in administration, finance, contraceptive social marketing and communications will be implemented. The evaluation suggested that the recommendations in administration and finance be implemented by the end of December. It suggested that the recommendations in social marketing and communications be initiated by December and be reflected in the work plan for 1995.

The main recommendations to be completed by December 31, 1994 are the following:

a) General Management

- select and hire a Project Director; the General Manager will be responsible for external representation, including seeking out additional funding sources
- establish short-term goals and objectives for the various project areas
- improve internal and external coordination
- develop a cost-accounting system and simplify administrative procedures
- develop a new management information system
- monitor project progress towards its objectives, including cost-effectiveness indicators
- submit 1995 workplan by October 30, 1994.

b) Financial Management

- rationalize administrative and accounting personnel
- complete monthly account balances within 5 working days of the end of the reporting period
- submit requests for advances and balance of funds from previous months on schedule, deducting cash on hand.

c) Contraceptive Social Marketing (CSM)

- reformulate the CSM component and integrate it with mass communication activities in a way that is mutually supportive (workplan 95-96)
- promote products within the context of an educational message that includes the following details: (1) communicate a theme that links the various components; (2) integrate the various mass media; (3) create a new dispenser for the brochures on which the name APROPO is more pronounced; (4) develop a slogan; (5) consistently use the logo; and (6) create new brochures with more information and improved presentation

d) Mass Communications

- establish and maintain clear objectives for mass communication (workplan 95-96)
- develop a communication strategy for 1995 that focuses on achieving specific behavior changes in specific target groups
- agree on clear procedures for review and approval of materials.

1/3/95
M:\HPND\MONITA\SARS-94.326

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

Grade: B

IA. BACKGROUND DATA

Project Title: PRIVATE VOLUNTARY ORGANIZATION FAMILY PLANNING SERVICE EXPANSION
Project Number: 527-0335
Date of Authorization: original 09/22/89 amendment 08/30/90
Date of Obligation: original 09/22/89 amendment 08/31/93
PACD: original 09/21/93 amendment 09/30/95
Implementing Agencies: Asociacion Benefica PRISMA
Major Contractors: N/A
Project Officer/Manager: Susan Brems/Gloria Nichtawitz
Status of CPs/Covenants: Cooperative Agreement - All provisions on track
Date of Last Evaluation: April 1993 Next Evaluation: July 95
Planned Number of Non-Federal Audits during Fiscal Year: 1
The Number of such Audits Contracted for/Completed: 4
Date of Last Audit: 1994 in progress Next Audit: 09/30/95
Approval of 1994 workplan: April 94 Approval of 1995 workplan: September 95

IB. FINANCIAL DATA

Amount Authorized: DA/ESF Grant: original	\$11,800,000, amended to \$ 17,220,000 (includes \$1,793,000 OYB transfer to AID/W for contraceptives)
Amount Obligated: DA/ESF Grant: original	\$11,800,000, amended to \$ 17,220,000 (Amount of Cooperative Agreement with PRISMA)
Amount Committed:	Period: \$ 3,277,073 Cumulative: \$12,773,323
Accrued Expenditures:	Period - Projected: \$ 2,508,000 Period - Actual: \$ 870,285 Cumulative: \$10,076,325 Period - Next: \$ 2,000,000
Pipeline:	\$ 5,852,675
Outstanding Advance:	\$ 465,760
Counterpart	
Contribution: Planned:	\$ N/A
Actual:	\$ N/A
% LOP Elapsed:	<u>83.33</u>
% of Total Auth. Oblig.	<u>100.00</u>
% of Total Oblig. Exp.	<u>65.32</u>
% of Total Auth. Exp.	<u>58.52</u>

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This Project supports Strategic Objective No. 3: Improved health of high-risk populations through access to and use of quality, sustainable primary health care, including increased community involvement. Family planning saves lives: a powerful and persistent relationship exists between birth spacing and maternal and child survival. Further, women with lower parity are, on average, healthier than high-parity women, and their children tend to be healthier. Family planning services are, therefore, an essential part of primary health care. As such, improved quality and coverage of family planning services contribute to improved health status, especially to low economic groups, the beneficiaries of this project, for whom unwanted pregnancies delivered in sub-standard circumstances pose a high risk. Most PVOs offer family planning services within an integrated health program, which also contributes to improve the overall health of populations of beneficiaries. Unserved rural areas and quality of care have been highlighted as the focus of the latest project extension.

Percent of LOP Funds Related to Strategic Objective No. 3: 100

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

This Project provides technical and financial resources through a Cooperative Agreement, with Proyectos en Informatica, Salud, Medicina y Agricultura (PRISMA) as implementing agency, to help five PVOs⁷ provide expanded quality family planning services. The overall objectives are to: 1) improve institutional capacity of participating PVOs; 2) improve the availability of long-lasting contraceptive methods; 3) maintain support for temporary supply methods and natural family planning; and 4) enhance rural family planning coverage through PVO/public sector collaboration.

⁷ Of the original participating PVOs five remain: ATLP, CENPROP, INPPARES, PLANIFAM and PLANFAMI. Two PVOs, APROSAMI and PROPAMILIA, were terminated as a result of the evaluation done for the project extension.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

IV. PROJECT STATUS

An external project evaluation took place in May 1993. It found that during the three years and eight months since its initiation, the Project had improved institutional capacity of participating PVOs, and the availability of long-lasting contraceptive methods. The other two objectives, though registering some achievements, were less successful. Two short-term extensions were approved, to permit careful analysis of the project by new USDH staff. In a third (17-month) extension, the Project was reoriented to focus on those objectives that had not been achieved and to provide the resources necessary to accomplish all of its objectives, including Working Capital Investments (WCI) that could enhance income generation/self-sufficiency potential of participating PVOs.

The Project purpose, goal and objectives remained the same for the extension. The most notable refinement is a reorientation toward those aspects of the project that have been less successful to date (i.e., rural programs and quality of care) and correction of an omission, i.e., working capital interventions that can help PVOs generate the income required for the self-sufficiency envisioned in the original Project Paper. Several changes have been implemented during this reporting period to respond to the reorientation established for the extension period: after careful evaluation of the original participating PVOs, two which had not improved as a result of technical assistance offered, were terminated from the project; the two largest PVOs, INPPARES and CENPROF, have modified the service delivery model of their on-going/urban services from itinerant medical posts to community clinics offering integrated medical services and family planning; rural expansion workplans have been developed and activities initiated (see Section IV, C.3); a Qualitative Care Study has been initiated in Lima (and will begin in provinces shortly) to assess why PVO services are not fully utilized by target populations (see Section IV, C.2); a baseline study has been designed for rural areas; and work capital intervention proposals have been prepared by the PVO for USAID's review and approval.

An outstanding accomplishment of this Project has been the consolidated warehousing and distribution of all USAID-donated contraceptives for public and private sectors. This activity continues, albeit with some inconveniences resulting from coordinations with the Ministry of Health (MoH).

The mixture of notable success on one hand and modest or little success on the other merits a B rating for this Project. Following is an account of End-of-Project Status for the various elements:

A. End of Project Status (EOPS)

	<u>Planned EOPS</u>	<u>Progress To Date</u>
1.	Improved administrative systems	- Hardware has been selected and purchased. Software for MIS is on order. - Training of PVO staff to improve use of MIS continues. - PVO legal status, statutes, memberships, and board election procedures are being reviewed by PRISMA. Advice will be offered to encourage more democratic processes.
2.	Improved cost-effectiveness of service delivery	- INPPARES and CENPROF have established community clinics offering daily afternoon services replacing the itinerant weekly or bi-monthly service previously offered. - PLANIFAM/Cuzco and PLANFAMI/Puno, continue employing their traditional service model of a central clinic and itinerant posts complemented by attendance at community events (jornadas and ferias), where integrated health and family planning services are also offered. - Currently, 22 permanent service delivery points exist in the on-going/urban-based PVO services. - Differentiated fee-sharing with health promoters favoring long lasting methods has been abolished.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

- | | | |
|---|---|--|
| 3. Enhanced financial self-sufficiency | - | The income generated during this period has declined slightly, from 20-30%, during the last reporting period to 20%. |
| | - | Findings of the Qualitative Care Study will be used to modify PVO services, making them more responsive to community needs, with the expectation of increasing utilization. |
| | - | Working Capital Intervention (WCI) proposals have been developed by all PVOs, reviewed and a selection made by PRISMA for presentation to USAID. An in-house Technical Advisory Group made up of representatives from the technical, economics and controller offices will review the proposals and select those approved for funding. |
| 4. Improved availability of long-lasting contraceptive methods ⁴ | - | The proportion of long-lasting versus temporary supply methods has stabilized at approximately 81/19% respectively. |
| | - | The method mix is expected to improve with the establishment of: non-differentiated fee-sharing with supervisors and promoters; training in sale of services, total quality, etc., that is being offered; and promotion of a greater array of services and methods offered. |
| | - | VSCs have increased 30% over the last period, but the proportion between male and female has remained the same: 16%-84%. |
| 5. Strengthened logistic management to maintain support for temporary supply methods and continue assistance for natural family planning ⁵ | - | A comprehensive counseling form has been developed and will be used to ensure receipt of complete information on all available methods, enhancing user's free choice of methods and counteract possible provider biases. |
| | - | The availability of temporary methods will be greatly enhanced by the availability of Depo-Provera, now ready for distribution to PVOs. |
| | - | Currently all PVOs participating in the Project offer natural family planning, as a result of training offered by ATLF. |
| 6. Enhanced rural family planning coverage through PVO/Public Sector collaboration | - | Operational plans for rural expansion have been developed, sites determined, staff selected and trained, and meetings with community leader held. Participating PVOs are INPPARES, CENPROF, PLANIFAM/Cuzco and PLANFAMI/Puno. Each PVO has four rural sites. The model to be used is described in greater detail in Section IV, C.3. |
| | - | In order to be able to assess the results of the rural programs later in Project implementation, a baseline study has been developed and initiated. |

⁴Long-lasting methods: Intrauterine Device (IUD), VSC, NORPLANT

⁵Natural family planning methods, which include the Billings cervical mucous method, basal body temperature, and periodic abstinence, and combinations of these, involve recognizing natural body signs of ovulation.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

B. Major Outputs

	Planned				Accomplished		
	LOP	Period Increase	Cum.	Next Period	Period	Cum.	% of LOP
1. Improve cost-effective service delivery (reduced dollar costs/couple year of protection - currently \$8)	\$6	0	0	-\$1	0	\$8	0%
2. Use of installed capacity	70%	0	41%	15%	0	41%	0%
3. Generate 50% of Project Budget	50%	30%	30%	30%	20%	20%	40%
4. Increase in use of VSC services from 35 to 50% ¹⁰	50%	5%	40%	9%	6%	41%	82%
5. Doubling of vasectomy rate	152	50	50	50	52	52	34%

C. Other Accomplishments and Overall Status

1. Many changes have occurred at INPPARES, the largest PVO, during this reporting period. Most result from an evaluation process initiated several years ago with a Price-Waterhouse management audit. After a series of evaluation visits by International Planned Parenthood Federation/Western Hemisphere Region (IPPF/WHR) specialists, recommendations were made and progress in implementation closely tracked. Among the most important recommendations were that board elections and staff changes be conducted in the most open, transparent and competitive manner. These processes resulted in the election of an independent board president, the resignation of the long-time Executive Director, his replacement by a competitively-selected General Manager and selection of other key personnel. IPPF/WHR, INPPARES' major source of funding, continues to track progress and provide follow-up technical assistance to ensure the complete implementation of all recommended administrative and programmatic changes.
2. Quality of care issues, one of the areas of emphasis for the extension period are being attended through the following activities:
 - a. A study was designed and initiated (in Lima) to determine the causes of low-utilization of PVO services, with a view to implementing changes that will make PVO services more responsive to users' needs.
 - b. Training in total quality was offered by specialists from PROSALUD/Bolivia to executive and management staff.
 - c. Community clinics were established by INPPARES and CENPROF, so that they can be better positioned to offer more integrated health services and a wider array of family planning methods.
 - d. More attention is being paid to proper counseling to ensure that users are well informed in their method choice.
 - e. Incentives favoring one method over another have been replaced by non-differentiated fee-sharing.
 - f. The array of methods offered has been expanded by training in natural family planning and lactational amenorrhea methods and the addition of injectables.
3. The model for the rural expansion program consists of a fixed post complemented by itinerant services and CBD provision of temporary supply methods. The locations of the fixed posts are:
 - a. CENPROF (La Libertad): Two sierra locations (Julcan and Usquil) and two coastal locations (Pueblo Nuevo and San Jose).
 - b. INPPARES: two sites in Huancayo (Junin) and two in Tarapoto (San Martin).
 - c. PLANFAMI/Puno - Plateria, Acora, Vilque and Pilcuyo.
 - d. PLANIFAM/Cuzco - Huanquite, Anta, Calca and Sicuani.

All sites will offer general health services and a gamut of family planning methods that includes pills, condoms, vaginal tablets, injectables, intrauterine devices (IUDs) and natural family planning. Referrals will be made to central clinics for tubal ligation and vasectomy.
4. In order to monitor and report on whom the services are reaching, a form has been developed to collect SES data on all users.

¹⁰This figure refers the two PVOs who have surgical facilities to perform VSC: INPPARES and CENPROF. However, two other PVOs, PLANFAMI/Puno and PLANIFAM/Cuzco, have entered into agreements with the MoH hospitals in their areas and have performed the following VSCs during this period.

	Vasectomy	Tubal Ligation
PLANIFAM/Puno	10	23
PLANFAMI/Cuzco	110	8

141

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

5. As a result of a request for contraceptive supplies, an opportunity arose to further expand services to rural areas through the National Federation of Sugar Cooperatives (FENDECAAP). Under various past bilateral Mission projects, a substantial investment has been made (equipment, training, technical assistance and funding) to provide family planning methods to the large population groups living in sugar cooperatives and surrounding areas. Present assistance via contraceptive supplies builds on that investment. PRISMA will offer supplies and training to update service delivery personnel in 9 cooperatives in La Libertad: Andahuasi, Ingenio, Paramonga, Casagrande, Cartavio, Laredo, Pomalca, Tuman and Pucala.
6. Gender issues: Of the participants who attended the 12 training events sponsored by PRISMA, during the reporting period, 88 were male and 225 were female. However, it is discouraging that females continue to occupy the lower-level positions within the PVOs. It is worth noting that the new INPPARES' Board President is a woman.

D. Problems and Delays

1. The most serious problem during this reporting period has been the acquisition of the equipment required for on-going and rural expansion programs. Two large purchases of U.S. equipment were made, but the remainder of the equipment (medical equipment and furniture, audio-visual equipment, generators and motorbikes) come from such diverse origins that the waiver process has been slow. Acquisition of the medical equipment through a central agency is being explored as an alternate to processing the waiver.
2. There has been a delay in initiating some of the qualitative studies because of difficulty in identifying agencies outside Lima with the capability to carry out the studies. The intent has been to involve provincial agencies which should have greater knowledge and sensitivity of their local culture. Additionally this process would serve to decentralize Project activities, and provide opportunities for provincial agencies, thereby strengthening their institutional capabilities.

However, responses to RFP were few and often inadequate. A further search to identify other agencies was conducted. Interviews were held with the groups that had responded to discuss their proposal and enhance their understanding of the SOW. Revised, improved proposals have been presented. As a result, acceptable proposals have now been received and work will be initiated in provincial areas in the near future.
3. There has been a slight decrease in the amount of income generated by all PVOs, as indicated in IV, A.3. This may be a result of under-reporting or transfer of funds to other institutional programs. These practices merit careful scrutiny and controls prior to approval of working capital interventions.
4. An excessive distribution of condoms was detected in PLANIFAM/Cuzco. Although the magnitude of this possible loss is not yet clear, PRISMA has restricted the distribution of condoms to this agency and will closely track the use of all contraceptive supplies.

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

1. Complete purchases of needed equipment, either by waiver for local purchase or through a central agency.
2. Complete in-house project evaluation, with special attention to progress towards achievement of targets and issues highlighted in Section D above. The amount and use of income generated by project activities will be carefully reviewed.
3. Proposals for the working capital interventions will be carefully reviewed, not only to verify the income generation potential for PVOs, but also the use by the PVOs of the income to enhance their self-sufficiency. Proper use of income generated will be a precondition to these interventions.
4. The Lactation Amenorrhea Method (LAM) emphasis will continue on supply methods, and a greater participation of men. Greater attention will be given to improved counseling, and IE&C materials will be developed toward these ends.
5. The Qualitative Studies will be completed, and findings will be implemented to make PVO services more user friendly.
6. Opportunities will be sought to promote greater advancement of women into higher level positions within the PVOs participating in the Project.
7. The need for a further extension of the project will be assessed and a recommendation made.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A B X C

IA. BACKGROUND DATA

Project Title: PROJECT 2000
Project Number: 527-0366
Date of Authorization: 09/30/93
Date of Obligation: 09/30/93
PACD: 09/30/2000
Implementing Agencies: Ministry of Health
Major Contractors: An Institutional Contractor under procurement
AID Project Manager: Susan Brems
AID Project Coordinator: Under recruitment
Status of Cps/Covenants: On track
Date of Last Evaluation: N/A Next evaluation: 1/97
Planned Number of Non-Federal Audits during Fiscal Year: 0
The Number of such Audits Contracted for/Completed: 0
Date of Last Audit: N/A Next audit: 9/30/95
Approval of FY 94 Work Plan: N/A FY 95: 3/95

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	\$30,000,000
Amount Obligated:	DA/ESF Grant:	\$14,195,151
Amount Committed:	Period:	\$000,000
	Cumulative:	\$000,000
Accrued Expenditures:	Period - Projected:	\$000,000
	Period - Actual:	\$000,000
	Cumulative:	\$000,000
	Period - Next:	---
Counterpart		
Contribution:	Planned:	\$30,000,000
	Actual:	\$None to date
% LOP Elapsed:		<u>14.3</u>
% of Total Auth. Oblig.		<u>47</u>
% of Total Oblig. Exp.		<u>0</u>
% of Total Auth. Exp.		<u>0</u>

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

Project 2000 supports Strategic Objective No.3, "Improved health of high-risk populations through access to and use of quality, sustainable primary health care, including increased community involvement." The Project contributes to the objective by: a) strengthening public sector health, family planning and nutrition programs, including those at the community level, aimed at the target groups of young children and women of childbearing age; and b) promoting sectoral reforms in health management and financing. As such, Project 2000 supports all three program outcomes under SO No. 3: 1) increased use of primary health care; 2) heightened sustainability of primary health care; and 3) increased use of preventive practices and appropriate first-line care in the home and community.

Percent of LOP Funds Related to Strategic Objectives: 100

IIB. PROJECT PURPOSE

To increase utilization of priority child and maternal health interventions.

III. PROJECT DESCRIPTION

The Project seeks to increase an appropriate use of child and maternal health interventions while, through community-based preventive activities, it decreases the need for curative care, thus contributing to greater efficiency in facility-based services. The Project also addresses sustainability, maintaining that higher levels of appropriate utilization can be achieved only if services become more available, accessible and acceptable. This higher level of utilization will in turn contribute to sustainability by generating greater income.

The Project supports three major components: 1) strengthening child and maternal health services; 2) initiatives for efficient management; and 3) health care financing. The second and third components are enabling components that promote sustainability of child and maternal health services. They will do so through a more rational allocation of health resources that derives from government health priorities, more efficient use of resources, decentralization and enhanced cost recovery. The first component promotes sustainability by institutionalizing training capabilities, strengthening cost-effective promotive practices in the community and addressing quality of care issues, among other ways.

Substantively, the Project will focus on interventions in maternal and perinatal health, including family planning; acute respiratory illness, especially pneumonia; breastfeeding and young child nutrition; vaccine-preventable disease;

and diarrheal diseases. The first three service areas are relatively new thrusts in USAID support, while the latter two represent a second phase of USAID support that centers on full institutionalization of government capability in these areas, thus promoting sustainability.

As a way of focusing USAID-supported interventions and rationalizing donor resources in Peru, Project 2000 targets seven geographic regions: Chavin, La Libertad, Los Libertadores/Wari, J.C. Mariategui, San Martin, Ucayali and Lima East. A focus on these regions, which complement the areas in which the IBRD-funded Basic Health and Nutrition Project is working, will facilitate measurement of Project impact.

By the Project PACD, a greater proportion of children will survive infancy; the quality of that survivorship will be enhanced in the first years of life, years that are critical to long-term health and nutrition; a greater proportion of women will achieve their reproductive intentions without recourse to abortion; they will also bear their children more safely, contributing to their own health and that of their infants; and the GOP will be better able to continue these improvements without over-reliance on donor funding.

IV. PROJECT STATUS

Since Project authorization and obligation in September 1993, work has centered on the procurement of the Institutional Contractor, as well as the entity to carry out the cost and demand studies. Development of the two RFPs was carried out with the full collaboration of the Ministry of Health, including selection of priority areas. The RFP was completed in March and was issued on April 11; its due date was June 10. During June and July initial proposals were reviewed by the Technical Evaluation Panel. In August the Office of Procurement¹¹ prepared documentation requesting preparation of Best and Final Offers (BAFOs), which are due on October 3.

The cost and demand studies are being procured locally in Peru through an informal market survey. Six firms that were identified as pre-qualifiers were invited to submit proposals. These were received on September 1. In September a second Technical Evaluation Panel reviewed the proposals, and the BAFO letters are being prepared at this writing.

Other accomplishments relate to the timely compliance of Conditions Precedent to the Project Agreement. One condition called for the resolution of an outstanding Bill of Collection from a former project. That Bill contained two parts: one for reimbursement of ineligible costs, and one for substantiation of unsupported costs. In this reporting period, both parts of the Bill of Collection were satisfied. A total of \$123,600 was paid to the Mission by the Ministry of Health, via a schedule of payments that was adhered to. At the same time, a strong effort was mounted by the Ministry, with the continued support and guidance of the Mission's Office of the Controller, to retrieve the documentation necessary to substantiate the unsupported costs. In August this part of the Bill, valued at 1.2 million was completely liquidated and the Condition Precedent successfully met.

Another condition precedent referred to improvements in financial management in the Ministry. The Controller's Office conducted a thorough review of procedures and issued a report on its findings to the Ministry. These have been discussed in a series of meetings with the Ministry of Economy and Finance, as well as the Ministry of Health, and a proposal approved by MEF has been drawn up to institute a Special Unit to handle AID funds. Signing of the necessary Ministerial Resolution to establish the Special Unit is expected before the award of the Institutional Contractor.

A final relevant Condition Precedent is to hold at least two meetings of the Inter-Agency Advisory Committee on Health Management and Financing, the first such meeting having been held on March 21. With the Minister of Health presiding, participants represented USAID, the World Bank, the Inter-American Bank and the Ministry of Economy and Finance. This Committee is charged with advising on possible reforms in management and financing that will enhance the sustainability of activities beyond the life of the Project. The second meeting is expected to be held in November.

¹¹ The Mission has been without an RCO since June 1993. An official of AID/W's Office of Procurement has been assigned to the procurement of Project 2000.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A ___ B X C ___

<u>Planned EOPS²</u>	<u>Progress to Date</u>
1. Births attended by qualified personnel will increase from 52% in 1991-92 to 67%.	N/A
2. Total contraceptive prevalence will increase from 59% in 1991-92 to 67%.	N/A
3. The proportion of children aged 6-9 months who receive two portions of appropriate weaning foods in addition to breastmilk will increase from 62% in 1991-92 to 75%.	N/A
4. In at least one local health unit, a model for monitoring and evaluation for decision-making according to each level (health center, health post) will be implemented and evaluated...	N/A
5. A increased percentage of MoH spending of GOP (including PL-480) funds will be in the neediest 25% of departments.	
6. A national fee collection system will be designed, implemented, and functioning, collecting S/. 66 million or more, compared to S/. 33 million in 1993.	N/A

B. Major Outputs³

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
40% of health facilities will have personnel trained to provide appropriate prenatal care in 1996, and 60% in 2000.	%	0	0	0	0	0	0
33% of hospitals and health centers will have trained personnel for obstetric emergencies in 1996, and 67% in 2000.	%	0	0	0	0	0	0
33% of hospitals and health centers will have personnel trained in family planning counselling in 1996, and 67% in 2000.	%	0	0	0	0	0	0
67% of ARI cases seen in health facilities will receive appropriate case management.	%	0	0	0	0	0	0
40% of mothers will recognize signs of pneumonia in 1996, 67% in 2000.	%	0	0	0	0	0	0
67% of health facilities will receive at least 3 supervisory visits per year to monitor quality of care for interventions.	%	0	0	0	0	0	0

C. Other Accomplishments and Overall Status

As specified above.

145

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A B C

D. Problems and Delays.

None.

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

The top priority for the next six months, once the contract is negotiated with the Institutional Contractor, is to get the Project team operational and begin Project implementation. The stipulation is that the team be in Peru and operational within two months of contract award. It is hoped that the first-year workplan can be developed and initial activities under way by March 1994. Early in the semester, a final decision will also be made on the contractor for the cost and demand studies, and these will also begin implementation.

A third major activity is Mission staff for the project. Up until now there have been no project-funded staff for Project 2000. At this writing recruitment is under way for the new FSN staff member who will serve as Project Coordinator. That person should join the HPN staff at some time during November or December. Recruitment for a project secretary will take place immediately thereafter, and recruitment for the third project position, which will be at an intermediate level, should take place in January.

M:RPNZJML3645AR-3

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

Rating: E

- (1) **Project Title:** Peru Family Planning Implementation Plan (PFPIP)
(centrally-funded)
- Project Number:** N/A
- (2) **Funding Level:** \$30,000,000¹²
- (3) **PACD:** December 1996
- (4) **Project Purpose:**

To demonstrate that local coordination of expanded assistance of USAID centrally-funded activities in this Population Priority Country can increase the provision of contraceptive methods and family planning services to low-income populations in mainly rural and urban marginal areas, through the Ministry of Health (MoH) and Peruvian Social Security Institute (IPSS). At the present time, there are twelve Cooperating Agencies (CAs) providing financial and technical assistance to the public sector family planning program in Peru. One of these CAs has been designed as the Coordinating Entity (CE).

This coordinated assistance supports Strategic Objective No. 3: Improved health of high-risk populations through access to and use of quality, sustainable primary health care, including increased community involvement. It contributes to this objective by strengthening the capabilities of the public sector (serves 50% of current family planning users) to deliver and expand quality family planning services, including client information and counseling about reproductive health and contraceptive methods.

Public sector services are supported through three principal interventions: a) management assistance; b) training of medical and paramedical personnel; and c) provision of family planning equipment.

In addition, assistance in information, education and communications include: a) design and production of coordinated print educational materials for service clients and potential users; and b) greater use of mass media to improve coverage of messages produced by APROPO under the communications component of project 527-0326.

(5) **Mission Management Requirements:**

This project requires a high degree of Mission management, through the FSN Population Specialist, the HPN Deputy Chief and the HPN Chief. The HPN office approves annual workplans, participates in weekly and monthly coordination meetings, and participates in field visits for project monitoring.

The Coordinating Entity (CE) of this plan -Development Associates (D.A.)- works under the guidance of the HPN Office, in coordination with the Peru Specialist of G/PHN/POP. Main duties include: annual workplan approval, coordination meetings; meetings with cooperating agencies; technical advice to the CE to maintain consistency with Mission country strategy; and a yearly conference of all CAs participating. Financial supervision of cooperating agencies is done by USAID/W.

The CE was awarded a no-cost extension of its contract through March 1995, although, we have only recently (and informally) been informed that D.A. has funding through December 1994 to cover its Lima office. This leaves the Mission without a vehicle to coordinate the activities of this project. In view of this situation, the HPN Office is evaluating the following alternatives on how to proceed with project coordination:

- The Global Bureau/POP could continue the coordination function through one of USAID's centrally-funded CAs. There are two new agreements/contracts under negotiation. USAID/Peru could request that G include the coordination role as a new task to be performed by one of these CAs.

- USAID could undertake the coordination function through a new FY 95 project, including contraceptive supplies management and other tasks supporting family planning activities by the Public Sector.

Since neither of these two alternatives are immediate possibilities, we propose to use PD&S funds to hire two consultants to perform the coordination function during a six-month period: January-June, 1995.

¹²This figure represents the total funding to be invested by the 12 participating Cooperating Agencies over the four-year LOP (1993-1996).

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

(6) **Project Overall Status:**

Peru was one of twenty Priority Countries selected by R&D/POP in 1993 to receive a substantial increase in population funds. These are channeled through the PFFIP. The activities of the 12 cooperating agencies (CAs) participating under this project are coordinated by Development Associates (Project No. 936-3051).

Coordinated assistance started in 1993, in two priority regions: **Chavin** (Ancash and some provinces of Huanuco) and **Jose Carlos Mariategui** (Puno, Moquegua and Tacna). These regions show high percentages of rural population, low rates of contraceptive prevalence and high fertility rates. The MoH has requested that USAID include the Libertadores-Wari Region as a third priority region starting in CY 1995 (Attachment I).

The appointment of a new Director of Reproductive Health of the MOH, at the end of 1993, has provided improved opportunities to accelerate the implementation of assistance activities during 1994. He is facilitating the work of the CE and Cooperating Agencies in the implementation of assistance activities in the priority regions and other geographical areas.

- A. During January-September 1994, the following activities were performed:

Table I

Main Activities performed during the Period January - September 1994

	Annual Objectives	Accomplished (9 mos.)	Progress
I. <u>Training for Service Provision</u>			
a. Health Personnel Trained:			
IUD + MINILAP Techniques	458	586	128%
b. Vasectomy	35	12	34%
c. TOT for "Sanitarios"	40	23	58%
d. Counselling	922	685	74%
e. Contraceptive methods-Sanitarios	480	135	28%
II. <u>Management Training</u>			
a. Management Info System	64	---	---
b. Health Services Management	50	14	28%
c. Logistics	40	25	63%

In general, the CAs are implementing most activities according to their plans.

a.1 **Management**

- Technical modifications of the Health Information System (HIS) software have been completed, to facilitate data processing of the family planning program. Data will be exported to the family planning "QUIPUS" module to produce family planning reports. Based on these modifications, training will be conducted during 1995 on the modified system, and on the use of statistics for program evaluation and management.
- A needs assessment in logistics was conducted in the Chavin and Mariategui Priority regions. One of the two programmed workshops on Logistics was conducted. The second will take place in mid-november. MSH had to postpone two management workshops until 1995 because of temporary financial problems.

a.2 **Information, Education and Communication**

A set of eight (8) booklets on family planning methods has been produced for the coast along with a flipchart on reproductive health. A set for the highlands (Sierra) is under preparation. The material for the coast has not yet been printed because of delays in the approval process by the MoH (related to surgical contraception).

a.3 **Services**

Most training activities for physicians and midwives, to improve the quality of family planning, have been conducted. The number of professionals trained in IUD and minilap techniques (586) surpassed the

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

objective by 28% (Table I). Training of Sanitarios has been lower than expected because actual training costs have been higher than estimated in the approved budgets, and the implementing agency (Development Associates) is about to complete its contract with USAID/Washington.

Vasectomy training was conducted only for the Peru Social Security Institute because he is giving high priority to this service (because its cost-effectiveness).

a.4 Evaluation

The base-line surveys and their reports have been completed in Chavin, Mariategui and comparison areas. This will allow project impact to be validly measured. Some results are shown in Attachment II.

a.5 Coordination and Monitoring

Monthly coordination meetings have been conducted regularly by Coordinating Entity, with the participation of most CAs. Meetings of technical committees have taken place to coordinate joint training activities. CAs are supporting and cooperating with the CE.

In July, 1994, the USAID Project Officer and representatives of the Coordinating Entity in Peru and Washington conducted a meeting at G/PHN/POP with the CTOs of the 12 CAs participating in the PFFIP. The objective was to report on progress and to exchange experiences on different coordination mechanisms operating in other priority countries (Mexico, India, Turkey, Ghana). The meeting was co-chaired by the Deputy Director of the Office of Population, Margaret Neuse, and the Peru Country Officer, Tom Morris.

Two joint supervisory visits to each Department (Puno, Moquegua, Tacna, Ancash) of each region have taken place. Each team was composed of representatives of the MoH, IPSS and the CE. The USAID Project Officer participated in two visits: Huaraz and Puno. It is important to mention that the Directors of Family Planning of the MoH and IPSS also went on most visits, showing a high commitment to the PFFIP.

Some voices within the Ministry of Health have tried to delay or hinder some family planning activities, particularly surgical contraception services. These services, according to the Law of Population, are not considered family planning methods. According to MoH norms, surgical contraception should only be undertaken in cases of high reproductive risk. The Directors of Health (Salud de las Personas) and Family Planning have defended these activities but have placed them under the Protection of Maternal Health Program.

B. During the next reporting period, the following main activities are expected:

1. Complete 1994 workplan activities.
2. The 1995-96 workplan will be developed and implementation initiated.
3. The Coordinating Entity will complete its contract with USAID/W.
4. A new Coordinating Entity will be selected and take up its responsibilities.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

Attachment I

MAIN HEALTH AND DEMOGRAPHIC INDICATORS

	CHAVIN	MARIATEGUI	LIB-WARI	NATIONAL
Population (000)	1,006.0	1,349.0	545.0	21,549.0
Urban	67.0%	63.0%	53.7%	78.0%
Rural (*)	33.0%	37.0%	46.3%	22.0%
Contraceptive Prevalence (Percentage of W.U.F.A.)				
Any method	53.8%	59.5%	38.0%	59.0%
Modern	28.6%	22.1%	17.0%	32.8%
Total Fertility Rates (W.F.A. 15-49)	4.2	4.4	5.2	3.5
Urban	3.3	3.1	3.8	2.8
Rural	5.9	6.4	7.5	6.2
Child Mortality (per thousand)	81.6	133.4	112.0	78.0
Urban			67.0	
Rural			131.0	
Infant Mortality (per thousand)	58.0	100.6	73.0	55.0
Urban				48.0
Rural				90.0

(*) Rural: Areas with less than 2,000 inhabitants.

Source: 1991-1992 DHS

150

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

Attachment II

Family Planning Services Baseline (1994) - Some Results
(In Percentages - %)

	Chavin	Mariategui	Comparison
1. Services open 6-7 days/week	98.8	63.2	79.3
2. Svs work 36 hours/week or less	62.8	37.7	49.5
3. Svs work more than 36 hs/wk	37.2	62.3	50.5
4. Provide primary MCH	95.6	97.5	94.9
5. Provide delivery services	56.6	55.3	77.1
6. Family Planning 70 hs/m or less	69.1	85.7	80.9
7. F.P. more than 70 hs/mo.	30.9	14.3	19.1
8. F.P. Services with volunteers	33.6	44.1	34.4
9. F.P. Services with contraceptives	32-82.0	42-91.0	56-89.0
10. Centers with Exclusive FP	4.0	2.2	6.2
11. Centers with integrated SVS	57.2	98.2	97.1
12. F.P. Services fully equipped	5.1	11.5	13.5
13. IEC activities	29-58.0	73-52.0	26-64.0
14. IEC materials	25-40.0	35-58.0	37-55.0

12/5/94

M:\HPND\MONITA\SAR9-94.DA

2. Only a few selected EOPs, since the entire Project encompasses 28 EOPs.

3. Illustrative, since the operational phase of the Project will not be under way until the next reporting period and the Project has some 50 quantifiable outputs.