AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE: A (A = Add, C = Change, D = Delete) — Amendment Number: PD-ABM-217

DOCUMENT CODE: 3

2. COUNTRY/ENTITY: PERU

3. PROJECT NUMBER: 527-0368

4. BUREAU/OFFICE: LAC — 05

5. PROJECT TITLE (maximum 40 characters): Sustainable Environmental & Nat. Res. Mgt.

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM 09 DD 30 YY 00

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4)

A. Initial FY 95 B. Quarter 4 C. Final FY 98

8. COSTS ($000 OR EQUIVALENT $1 =)

A. FUNDING SOURCE	FIRST FY B. FX	C. L/C	D. Total	LIFE OF PROJECT E. FX	F. L/C	G. Total
AID Appropriated Total	1,200	2,586	3,786.7	2,100	9,785	11,885
(Grant)	(1,200)	(2,586)	(3,786.7)	(2,100)	(9,785)	(11,885)
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1.						
Other U.S. 2.						
Host Country			--	--	1,741	1,741
Other Donor(s)						
TOTALS	1,200	2,586	3,786.7	2,100	11,526	13,626

9. SCHEDULE OF AID FUNDING ($000)

A. APPROPRIATION	B. ACTIVITY CODE	C. ACTIVITY CODE 1. Grant	2. Loan	D. OBLIGATIONS TO DATE 1. Grant	2. Loan	E. AMOUNT APPROVED THIS ACTION 1. Grant	2. Loan	F. LIFE OF PROJECT 1. Grant	2. Loan
(1) DA	EVMP					11,885		11,885	
(2)									
(3)									
(4)									
TOTALS						11,885		11,885	

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

11. SECONDARY ACTIVITY CODE: EVUP, EVFR

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

A. Code	EVP	PPV	PPM	PVL	TIC	ESA	CBS
B. Amount	9,983	7,131	3,565	4,991	3,566	2,852	2,139

13. PROJECT PURPOSE (maximum 480 characters)

To increase the capacity of public and private institutions to identify and resolve environmental and natural resources problems.

14. SCHEDULED EVALUATIONS

Interim MM 03 YY 97 MM 09 YY 98 Final MM 06 YY 00

15. SOURCE/ORIGIN OF GOODS AND SERVICES: [X] 000 [ ] 941 [X] Local [ ] Other (Specify)

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

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

Jerry B. Martin
Acting Controller

17. APPROVED BY

Signature

Title: George A. Wachtenheim, Mission Director

Date Signed: MM 12 DD 19 YY 95

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MM DD YY

AID 1330-4 (8-79)

PROJECT AUTHORIZATION

Name of Country: Peru

Name of Project: Sustainable Environmental and Natural Resources Management

Number of Project: 527-0368

1. Pursuant to Part I, Chapter 1, Sections 103 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Sustainable Environmental and Natural Resources Management Project for Peru, involving planned obligations of not to exceed Eleven Million Eight Hundred Eighty-Five Thousand United States Dollars (US$11,885,000) in grant funds over a four year period from the date of authorization, subject to the availability of funds in accordance with the USAID/OYB allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is five years from the date of initial obligation.

2. The Project seeks to increase the capacity of public and private institutions to identify and resolve environmental and natural resource problems. Project activities aim to strengthen Peru's legal, regulatory and institutional policy framework and develop independent and productive sector capabilities to participate in environmental policy dialogue and advocacy. The Project consists of three major components which are designed to: (1) strengthen the environmental policy-making and implementation capacity of the GOP through support to the National Environmental Commission (CONAM) and GOP sectoral ministries and training of public sector environmental officials; (2) strengthen the private sector capacity for consensus-building and problem-solving through support for sound environmental analysis and outreach, creation of a permanent ecological forum, and incorporation of communities into environmental monitoring; and, (3) develop and test cost-effective, financially sustainable environmental and natural resources practices and technologies through small-scale demonstration projects.

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

a. **Source and Origin of Goods and Services**

Commodities financed by USAID under the project shall have their source and origin in the United States and/or in Peru (pursuant to Local Procurement Guidelines as set forth in USAID Handbook 1, Supplement B, Chapter 18), except as USAID may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have Peru

(pursuant to Local Procurement Guidelines as set forth in USAID Handbook 1, Supplement B, Chapter 18) or the United States (USAID Geographic Code 000) as their place of nationality, except as USAID may otherwise agree in writing. Ocean shipping financed by USAID under the project shall, except as USAID may otherwise agree in writing, be financed only on flag vessels of the United States. Motor vehicles financed by USAID under the project shall, except as USAID may otherwise agree in writing, have their origin in the United States.

b. **Conditions Precedent to Disbursement**

Prior to the first disbursement under the Grant, or to the issuance by USAID of documentation pursuant to which disbursements will be made, the Grantee will, except as USAID may otherwise agree in writing, furnish to USAID in form and substance satisfactory to USAID:

(a) A legal opinion of the Legal Counsel of the Ministry of Foreign Relations of Peru, or other counsel acceptable to USAID, stating that this Agreement has been duly authorized and/or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms; and,

(b) A statement of the name(s) of the person(s) holding or acting in the office of the Grantee specified in Section 8.2 of the Agreement and of any additional representatives, together with a specimen signature of each person specified in such statement.

2. Prior to disbursement under the Grant for the Grantee's Implementation Unit, or to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID in form and substance satisfactory to USAID:

(a) Evidence that CONAM's Executive Secretariat has been established and is operating; and,

(b) A description of the functional structure and responsibilities of CONAM's Project Implementation Unit during the life of project (LOP), as well as job descriptions of the Unit's members.

3. Prior to the disbursement under this Grant for project activities to be undertaken by the GOP, or to the issuance by USAID of documentation pursuant to which such disbursements will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish USAID in form and substance satisfactory to USAID:

(a) Evidence that CONAM's operating standards are in place; and,

(b) Evidence that CONAM's authorities and procedures for procurement of goods and services under the project and for the operation of the Clean Production Revolving Fund are adequate to implement planned program activities; and.

(c) A work plan for first-year Project activities to be implemented by CONAM.

c. **Covenants**

Peru covenants that, except as USAID may otherwise agree in writing, it will make its best effort over the life of the project (LOP) to increase Public Treasury funds allocated to CONAM's program activities to ensure it is able to carry out its responsibilities as mandated in its enabling legislation.

George A. Wachtenheim
Mission Director

Date: 9/21/95

Drafted:
PDP:JBakken

Clearances:

ORD:ADavis	(id)	Date: 9/13/95
PDP:JLombardo		Date: 9-18-95
CONT:JMartin		Date: 9/18/95
RLA:PRamsey	(id)	Date: 9/13/95
DD:DBoyd		Date: 9/20/95

(b) Evidence that CONAM's authorities and procedures for procurement of goods and services under the project and for the operation of the Clean Production Revolving Fund are adequate to implement planned program activities; and,

(c) A first year work plan for the implementation of CONAM's project activities.

c. **Covenants**

Peru covenants that, except as USAID may otherwise agree in writing, it will make its best effort over the life of the project (LOP) to increase Public Treasury funds allocated to CONAM's program activities to ensure it is able to carry out its responsibilities as mandated in its enabling legislation.

_____

George A. Wachtenheim
Mission Director

Date: _____

Drafted:
PDP:JBakken _____

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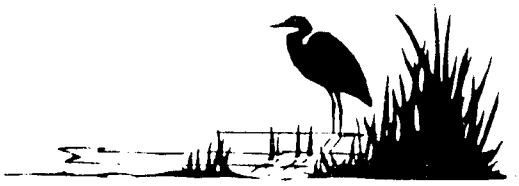

USAID/Peru
Office of Rural Development

PROJECT PAPER

SUSTAINABLE ENVIRONMENTAL AND NATURAL RESOURCES MANAGEMENT PROJECT

(527-0368)

September 20, 1995

SUSTAINABLE ENVIRONMENTAL AND NATURAL RESOURCES MANAGEMENT
SENREM
527-0368
PROJECT PAPER

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ACRONYMS

CA	Cooperative Agreement
CEMA-EPG	"La Molina" Agricultural University, Lima, Peru
CEPES	Peruvian Center for Social Studies
COFIDE	Corporation for Financial Development
CONAM	Peru's National Environmental Commission
CONFIEP	Confederation of Private Sector Business
CPP	Clean Production Program
CPs	Conditions Precedent
CRA	Comparative Risk Assessment
CY	Calendar Year
DGFF	General Directorate of Forests & Fauna, MAG
DIGEMA	General Directorate of the Environment, MOH
DISAR	Directorate of Rural Sanitation, DIGEMA
DP	Demonstration Project
EIAs	Environmental Impact Assessments
EIA	Environmental Initiative for the Americas
EHP	Environmental Health Project
ENR	Environmental and Natural Resources
ENRS	Environmental and Natural Resource Sustainability Project
EOPS	End of Project Status
EP3	Environmental Pollution Prevention Project
ES	Essential Services
EU	European Union
ESF	Economic Support Fund
FADEMAD	Agricultural Federation of the "Madre de Dios" Department
FPCN	Peruvian Foundation for Nature Conservation
FY	Fiscal Year
GOP	Government of Peru
GRADE	Group of Analysis for Development
GTZ	German Technical Cooperation Agency
HCOLC	Host Country Own Local Currency
IDB	Inter-American Development Bank
IDRC	International Development and Research Center (Canada)
INADE	National Development Institute
INRENA	National Institute for Natural Resources
IUCN	International Union for the Conservation of Nature
LOP	Life of Project
LOUs	Letters of Understanding
LRPF	Legal, Regulatory and Policy Framework
LT	Long Term
MEF	Ministry of Economy and Finance
MEM	Ministry of Energy and Mines

MES	Mission Environmental Strategy
MIPANDES	Integrated Pest Management in the Andes
MIPRE	Ministry of the Presidency
MIS	Management Information System
MITINCI	Ministry of Industry, Tourism, and International Trade and Commerce
MOE	Ministry of Education
MOFA	Ministry of Foreign Affairs
MOH	Ministry of Health
MOU	Memoranda of Understanding
NEAP	National Environmental Action Plan
NGO	Non-Governmental Organization
OACA	Office of Environmental Assessment and Consulting
ORD	USAID's Office of Rural Development
OYB	Operating Year Budget
PACD	Project Assistance Completion Date
PACR	Project Assistance Completion Report
PASA	Participating Agency Service Agreement
PENRD	USAID/Peru's Private Enterprise and Natural Resources Division
PILs	Project Implementation Letters
PMU	Mission Project Management Unit
ProAg	Project Agreement
PROFONANPE	Peruvian Fund for Protected Areas
PS	Private Sector Coordinator
PSCs	Personal Services Contracts
PT	Public Treasury
PVO	Private Voluntary Organization
RAP	Peruvian Environmental Network
RAAA	Network for Alternative Use of Agrochemicals
RAE	Network for Ecological Agriculture
REDFOR	National Forestry Network
RFA	Request for Assistance
RFP	Request for Proposals
SEDAPAL	Lima's Water Utility Company
SENREM	Sustainable Environmental and Natural Resources Project
SINANPE	National System of State-Protected Natural Reserves
SPDA	Peruvian Society for Environmental Law
ST	Short Term
TA	Technical Assistance
TAP	Technical Assistance Provider
USG	United States Government
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USBM	United States Bureau of Mines
WB	World Bank

I. SUMMARY

A. Project Conceptualization

Peru is a country rich in natural resources and unique ecosystems and environmental conditions. Growth in Peru's economy and the welfare of its present and future generations depend directly on the use and management of its environment and natural resources. Yet rapid economic growth (12.7 percent in 1994, the highest in the world) without appropriate concern for environmental issues, poverty (50 percent of the population is poor), and population pressures threaten Peru's growth and quality of life as never before.

Rapid urbanization, uncontrolled growth of peri-urban areas which lack most or all urban services (more than one-third of Peruvians live in or around Lima), and a large proportion of rural population that lives in poverty (most of the 20 percent of the Peruvian population which are extremely poor live in rural areas) compel people to adopt survival strategies that are inherently destructive of the environment. These practices result in unsustainable agricultural practices, deforestation, and loss of biodiversity. Similarly, urbanization trends have resulted in urban areas suffering contamination from hazardous and solid waste which has affected drinking water quality and brought concomitant health problems. Rapid economic growth and foreign investment could increase industrial pollution levels and result in long-term damages to the environment without proper stewardship.

Given this context, in October 1994 the Mission contracted for the preparation of an environmental analysis which would be the basis for a Mission Environmental Strategy (MES) and a follow-on project in this area. The MES, completed in March 1995, described Peru's seven main environmental and natural resource management issues, analyzed 28 main constraints to their resolution, and recommended programs and methods targeted at the constraints. It also developed and applied a priority-setting framework and indicated priority investment areas for the Mission over the ten-year vision of the strategy.

According to this constraint and opportunity analysis, priority program investments for the Mission in the medium term are: (1) policy and regulatory reform, where relatively modest amounts of highly targeted resources hold potential for nationwide positive impacts; (2) pollution prevention, where potential exists for the highest impact per dollar spent on the daily welfare of the greatest number of poor people; and (3) conservation of biological diversity and the protection of fragile ecosystems which are global priorities under all reigning Agency environmental strategies. Additionally, the MES calls for a more balanced green-brown environmental agenda for the Mission in the medium term.

Concurrently with the preparation of the MES, the Mission initiated work on reengineering its program structure along the lines of strategic objectives, one of which is "Improved Conservation and Use of the Natural Resource Base." This strategic objective was approved by USAID/Washington in May 1995 at the review of the Mission's Action Plan for FY 1996-97.

During this same time period, the LAC/Bureau announced its Environmental Initiatives for the Americas program and requested that Mission's prepare proposals for review in May 1995. Using the MES, the strategic objective framework, and the initial directions of the Sustainable Environmental and Natural Resources Management (SENREM) Project, the Mission prepared and received approval of five proposals dealing with the environment which are forming part of this Project. This confluence of efforts has resulted in this Project Paper.

B. USAID Strategy

The Sustainable Environmental and Natural Resources Management (SENREM) Project is an $11.885 million, 5-year effort whose **goal** is improved conservation and use of the natural resource base in Peru. The Project **purpose** is to increase the capacity of public and private institutions to identify and resolve environmental and natural resource problems.

The Project responds to the Mission Environmental Strategy in support of the newly established *Mission Strategic Objective (SO) No. 5: Improved Conservation and Use of the Natural Resource Base*. The Project will contribute to achieving all four Program Outcomes (Pos) under this Strategic Objective: (1) improved regulatory framework for environmental protection and natural resource management; (2) adoption of environmental protection practices in targeted urban and industrial locations; (3) improved management of natural habitats; and (4) increased adoption of sustainable use practices in fragile ecosystems.

Although the Project is primarily designed to meet SO #5, it is a fundamental element to other SOs. Its emphasis on participatory processes for environmental policy dialogue and advocacy will further *Mission Strategic Objective No. 1: Increased Participation of Citizens in Democratic Processes*. The Project brings public and private sector groups together to identify and develop solutions to Peru's most pressing environmental problems. Joint public-private sector partnership in management of key Project components will reinforce democratic processes and increase the public's influence over environmental public policy. The Project will also contribute indirectly to the achievement of *Mission Strategic Objective No. 2: Increased Incomes and Employment of the Poor* and *Mission Strategic Objective No. 3: Improved Food Security of the Extremely Poor*. Project activities are designed to create wealth for the productive sector by introducing clean production technologies which simultaneously prevent pollution while improving productivity and by-product recovery. Improved management of natural resources by the poor will also result in their increased long-term economic well-being. Additionally, Project activities directed toward environmental health will further *Mission Strategic Objective No. 4: Improved Health of High-risk Populations*.

C. Project Accomplishments

Five intermediate results have been developed for the SENREM Project. Each of the activities under the three components of the Project are designed to achieve at least one of these five results. Each result is presented below and accompanied by a discussion of its relevance and importance to the Project's overall purpose.

Result 1: Strengthen the environmental policy-making and implementation capacity of government institutions, especially the CONAM.

Public sector management of natural resources in Peru is delegated to sector ministries. Consequently, the government's ability to address environmental issues has depended on, or been defined by the existing human and technical capacity of each ministry. These capacities vary widely. Peru has just recently created a National Environment Commission (CONAM) to articulate a coherent national environmental policy and coordinate environmental and natural resources (ENR) management among the different sector ministries. Strengthening this new Commission and the sector ministries with weak ENR management capacities will improve public sector oversight and management of the environment. Furthermore, a strong CONAM will reduce the existing fragmentation that characterizes ENR policy-making in Peru.

Result 2: Improve Peru's environmental laws and policy framework.

Improving the public sector policy-making capability will assist Peru to address differences in sectoral regulations, overlaps and contradictions in the legal code and clarify how certain important natural resources (e.g., water and forests) are to be managed as well as what jurisdiction regional and municipal governments have over the environment. The continuation of these weaknesses create uncertainty for the private sector, making investments in improved environmental management risky, and limit the actions of local governments. Improving the legal and policy framework in a coordinated manner should clarify the rules of the game for both private and public actors, thereby establishing the basis for rational and consistent management of the ENR base.

Result 3: Provide reliable environmental information that meets the decision-making needs of all sectors involved in environmental policy making.

The generation and analysis of reliable and scientifically-based information is critical to several steps in the policy-making process: identification of issues, understanding and analysis of problems, priority setting, and remedial actions. Various independent sources of information (both from government and non-government institutions) provide a system of checks and balances in the process. For instance, environmental problems become a public priority if and when there is knowledge of how quickly and severely the natural resource base is being depleted which has implications for national development. Without such information the importance or gravity of national environmental problems cannot be gauged or will remain hidden.

Result 4: Strengthen the private sector's capacities for consensus-building problem-solving and environmental policy dialogue.

Non-governmental organizations (NGOs) and for-profit enterprises in Peru remain largely on the margins of the environmental policy-making process. This is due in part to the fact that there are few transparent or formal mechanisms available for participation in decision making. The situation is aggravated by the limited ability and lack of experience of the private sector in

collectively proposing alternative programs and policies or in supplying independent environmental services. Were the capacities for policy dialogue and cooperation developed by NGOs and for-profit enterprises, the government would need to respond to the interests of civil society and begin to incorporate them into the decision-making process.

Result 5: Develop and test cost-effective, financially sustainable ENR practices and technologies.

In Peru there is widespread poverty and limited resources for investment in environmental protection. Consequently, solutions to ENR problems must be low-cost and effective so that the environment does not become, or is perceived as, an obstacle to economic growth and development. There is a lack of information on how environmentally sound practices can improve productivity while simultaneously protect the environment.

In order to achieve the above results, the Project consists of three components: (1) Legal, regulatory and policy framework impacting on the first three results; (2) private sector advocacy impacting on the fourth result; and (3) demonstration projects impacting on the fifth result. All three components are linked through the CONAM and its implementation mechanism so as to achieve a collaborative synergy between the public and private sectors.

D. Basic Assumptions

The SENREM Project presents some management challenges, given the range of activities contemplated and the need to build flexibility into the Project to be able to respond to evolving needs. The flexibility inherent in the approach to the Project will allow activities to be developed and implemented sequentially and in coordination with the CONAM and other GOP environmental agencies.

The nascent nature of the CONAM provides the most important uncertainty in this process. The ultimate authority and role of the CONAM is not clear at this time and until the CONAM has developed a short-term work plan, the Mission must assume that its funding priorities will match the CONAM priorities. This is alleviated somewhat by the flexibility built into the Project which will allow the Mission to both provide specific assistance to the CONAM regarding new issues and to provide assistance to other GOP environmental agencies, if the CONAM chooses to delegate (or, more precisely, chooses to leave) certain authorities in the hands of other agencies.

Just as importantly, questions remain concerning how effective the CONAM will be in establishing and coordinating national environmental policy. The Mission's support will improve the chances of the CONAM becoming an effective leading policy maker. Even with Mission support, however, there is some risk that the CONAM may not be given, or may not take, the power and support necessary to oversee other GOP ministries. In particular, the Ministries of Energy and Mines and of Fisheries are politically very powerful and may not easily be "coordinated" by the CONAM. Further, structurally the CONAM does not include

representatives from each ministry (as compared to Chile's CONAMA, for example). The result may make it more difficult for the CONAM to fulfill its coordinating role. The Project's inherent flexibility will allow it to adjust to any of these developments, as it will be able to target resources to those GOP offices that emerge as being critical for addressing specific ENR policy issues.

An additional critical assumption is that proposed financial support for the CONAM contemplated by other international donors -- most notably the IDB and the UNDP -- will be approved and available for the uses now being discussed. Again, the risks associated with this other funding are reduced by the inherent flexibility of the Project and by the Mission taking a proactive approach to inter-donor coordination.

Another major assumption is that the GOP will not reverse its recent elevation of environmental concerns as important national policy issues. Creation of the CONAM and other recent actions suggest that environmental policies will enjoy substantial attention from the Fujimori government. This will strengthen the political clout of the CONAM and GOP environmental agencies and provide greater opportunity for the private sector to influence ENR policy.

In terms of not-for-profit sub-sector participation in this Project, there is some risk that individual groups will not work well together. This risk will be diminished by strengthening the umbrella Foro Ecológico which has, as its members, individual NGO networks within the sector. The Foro will have its own staff and organizational unit supported by the Project, which will address issues such as NGO collaboration. Additionally, this umbrella organization is being supported by the Project in response to the desires of the NGO community to organize within a single entity for the provision of leadership and focus.

E. Project Implementation

USAID/Peru will sign a USAID Handbook 3 Project Grant Agreement with the GOP Ministry of Foreign Affairs and the Office of the President of the Council of Ministers. The Agreement will be incrementally funded to the estimated LOP USAID contribution of $11.885 million. The Agreement will also establish Peru's counterpart commitments under the Project, which will include $1.741 million (soles equivalent) from GOP resources which represents 25 percent of the cost of the project, exclusive of the NGO/PVO components of the project. Coordinating and monitoring responsibilities will be assigned to the CONAM, which will be the main GOP liaison office with the Mission.

The Project Agreement (ProAg) will authorize the Mission to: 1) award a contract to a U.S. institution to provide necessary off-shore technical assistance to the Project; 2) to contract a local Private Sector Coordinator for the purpose of implementing and monitoring Components B and C; and, 3) establish a small but effective management unit within USAID/Peru to facilitate monitoring and implementation of all Project activities. All USAID direct procurements will be done in close consultation with the CONAM.

USAID management responsibility for the SENREM Project will be placed within the Office of Rural Development (ORD). The Project Manager will be the Mission Environmental Officer, who reports directly to the Chief of the Private Enterprise and Natural Resources Division (PENRD). The Chief or PENRD and the Project Manager will be the principal contacts with the CONAM and other implementing units and will be the liaison with other donor and USAID-sponsored activities in related areas. Several mechanisms will be key in the successful implementation of the overall Project and are described as follows.

1. CONAM Implementation Unit. The implementing agency and main recipient of technical assistance under the Project is the CONAM. A Project Implementation Unit will be created within the CONAM which will coordinate the technical assistance provided by the TAP. This unit will also be responsible for the implementation of Project Component A and the Clean Production Program of Component B. Additionally, the CONAM will participate in various aspects of the other activities outlined in Components B and C, and will be responsible for the management of the Project's Monitoring Information System. The CONAM will sign Letters of Understanding (LOUs) with participating GOP sector ministries involved in implementing various aspects of Component A.

2. Technical Assistance Provider. A U.S. institution will be selected through contracting arrangements provided for under USAID regulations, to supply off-shore short and long-term technical assistance for all Project activities during the life of the project. The TAP will provide a long-term specialist in environmental policies/regulations for 24 months to be located in the CONAM to provide day-to-day technical guidance to its Council and the Executive Secretariat, as well as to the GOP sector ministries, in environmental policies/regulations, in the preparation of the National Environmental Action Plan, and in undertaking specialized studies related to Environment and Natural Resources. This assistance will be complemented by approximately 5 person-months annually of short-term technical assistance on specific tasks/studies identified jointly by the CONAM, its implementation unit, USAID/Peru, and private sector organizations. This technical assistance will be made available across all Project activities. The Technical Assistance Provider will also be responsible for all project off-shore purchases and will provide technical assistance in the development of a project information system which will report on project impacts. This information system will be administered by the CONAM implementation unit in close coordination with the Mission Management Unit.

3. Mission Project Management Unit (PMU). To facilitate effective Project oversight, processing of documentation and information, and timely implementation and reporting on a day-to-day basis, the Project will fund a Project Coordinator and a program assistant/secretary to carry out these responsibilities. They will be located in the PENRD of Office of Rural Development under the day-to-day supervision of the Project Manager. Additionally, the PMU will be responsible for the management of the five Environmental Initiative for the Americas (EIA) activities, with guidance and assistance to be provided by the CONAM.

4. Private Sector Coordinator (PS). A Peruvian NGO, private firm, or a consortium, with experience in environmental and natural resource project management and consensus-

building and outreach capabilities, will be competitively selected as the implementor of four elements of Project Component B and the new demonstration projects of Component C. This entity, also referred to as the Private Sector Coordinator, will be responsible for coordinating and/or conducting the Analysis and Outreach: State of the Environment Report; Industry Seminars; and Community Environmental Monitoring elements of Project Component B, through local NGOs, which will perform as contractors or sub-grantees. Additionally, the Private Sector Coordinator will be responsible for the implementation of the approximately 10 to 12 pilot demonstration projects under Project Component C. Each of these demonstration projects will involve separate sub-grants or contracts to Peruvian not-for-profit sub-sector implementors which will submit proposals in response to Requests for Applications from the Project. The Private Sector Coordinator will prepare, sign, and monitor and evaluate sub-agreements with the organizations mentioned above, as well as report on progress and achievements to CONAM and the USAID project management unit. All sub-agreements will require sub-grantees or recipients to monitor, evaluate, and report periodically on the results that their activities are achieving.

5. Steering Committee for Demonstration Projects. A committee to review proposals and recommend selection of demonstration projects and to participate in periodic reviews of progress will be established jointly by the CONAM and USAID and will serve on a *pro bono* basis. It will consist of representatives of the following institutions: USAID/Peru, the CONAM, the Private Sector Coordinator, and other bilateral and multilateral donors, as appropriate. The inclusion of these other donors will facilitate the leveraging of future resources.

6. Advisory Committee. As part of USAID's effort toward developing a broad consensus in environmental matters, a permanent advisory committee will be created for the review and implementation of USAID's environment strategic objective. It will be composed of representatives of the CONAM, GOP sector ministries, NGOs, private industry, and other bilateral and multilateral donors such as the World Bank (WB) and the Inter-American Development Bank (IDB).

F. Financial Plan

The total cost of the Project is estimated at $13.626 million, as shown in the following table, of which $11.885 million will be provided by USAID from funds appropriated for development assistance. The funding will be incremental. The first obligation in the amount of $3.786 million will be made in FY 1995. Peru's counterpart contribution of $1.741 million (soles equivalent) will be from GOP resources, which represents 25 percent of the cost of the project, exclusive of the NGO/PVO components. This amount constitutes a portion of CONAM's annual operational budget, and will be specifically used in activities complementary to those funded with Grant funds, and directed to the improvement of: Peru's environmental legal, regulatory and policy framework; private sector capabilities for environmental policy dialogue and outreach; and pollution prevention practices.

Summary Financial Plan:
($000)

Project Element	USAID Grant	GOP	TOTAL PROJECT	%
COMPONENT A - Legal, Regulatory and Policy Framework	3,311	1,250	4,561	33.5%
COMPONENT B - Private Sector Advocacy	2,223	491	2,714	19.9%
COMPONENT C - Demonstration Projects (Includes EIA & EAs)	4,335		4,335	31.8%
Private Sector Coordinator (PS) Management Costs	890		890	6.5%
Total Program Costs	**10,759**	**1,741**	**12,500**	**91.7%**
Project Management	**900**		**900**	**6.6%**
USAID Management	450		450	
Monitoring	90		90	
Evaluations	360		360	
Contingencies	226		226	1.7%
TOTAL PROJECT COSTS	**11,885**	**1,741**	**13,626**	**100.0%**

II. BACKGROUND AND PERCEIVED PROBLEMS

Peru is a country rich in natural resources and unique ecosystems and environmental conditions. Growth in Peru's economy and the welfare of its present and future generations depend directly on its use and management of its environment and natural resources. Yet rapid economic growth (12.7 percent in 1994, the highest in the world) without appropriate concern for environmental issues, poverty (50 percent of the population is poor), and population pressures threaten Peru's growth and quality of life as never before.

Increasingly, over-exploitation, pollution, and environmental degradation are ravaging the natural resources of Peru, decreasing their productive potential for current and future generations, sacrificing essential ingredients for long-term economic development, and ultimately threatening human health and the very existence of countless species of plants and animals. Improvement in the quality of life for Peruvians is contingent upon achieving broad-based, long-term economic growth. Such growth, if it is to be sustained, is in turn inherently dependent upon improved management and conservation of the natural resource base.

Cities are both the engine of economic growth and a large source of environmental problems. As urbanization takes place, water and soil resources are contaminated, water consumption is increased, and watersheds absorb hazardous residues and effluent from households and industries. In many cities waste water, solid waste, and effluent from industries and vehicles are reaching intractable levels and are affecting morbidity and mortality rates, especially among the urban poor concentrated in inadequate and overcrowded urban sites. Urban populations can be subjected to acute respiratory diseases resulting from various emissions and to a series of transmissible diseases associated with the lack of basic services. It is estimated that 30 percent of Peru's total population lives in peri-urban areas. These settlements are typically initiated without municipal approval nor the adequate provision of potable water, waste water, and solid waste services.

There is no program in Peru to control toxic and hazardous wastes, which are discharged directly into the environment throughout the formal and informal sectors. The discharges cause great damage to Peru's water systems and peri-urban areas. They damage other industry, such as ecotourism and fisheries. There is a need to identify, segregate, and control toxic and hazardous wastes particularly in small and medium sized firms. The first priority must be the regulation of disposal and the second prevention and cleanup. The best examples of what is wrong with the system are offered by mining and fishing industries.

Specific industries, such as fisheries, energy and mining, discharge pollutants directly into the environment and consequently cause great collateral damage. Peruvian industry is almost unregulated, whether from lack of regulations and norms or from lack of enforcement. Consequently, it is unaccountable. Rather than stimulate investment, particularly by non-Peruvians, this situation actually inhibits it. Environmentally aware investors know that sooner or later, the public will hold them accountable. Industry generally prefers a clear set of rules, and the GOP is attempting to provide these. But, the focus is too heavily on end-of-pipe controls

rather than pollution prevention and the creation of incentives to reduce or eliminate the production of pollutants.

Current ENR management efforts in Peru suffer from an inadequate legal and policy structure. The current situation results from four primary underlying problems based on the lack of: (1) coordination between existing ministries in establishing environmental impact assessment (EIA) requirements and in establishing maximum permissible pollution limits; (2) technical capacity, information and experience in policy making and implementation, particularly as it relates to economic incentives and promoting clean production; (3) effective mechanisms for involving all stakeholders, including ministries, regional and local governments, and the private sector, in meaningful policy dialogue; and (4) reliable environmental information necessary for effective policy making. For additional background information concerning the state of the GOP legal, regulatory and policy framework, see Section V: Institutional Analysis.

One of the most fundamental barriers to achieving environmental and related biodiversity protection in Peru has been the sectoral approach to all regulation and protection activities. Without any central environmental authority, each sector is left to address environmental issues under its relevant ministry. What is alarming is that protected areas have no over-riding priority in the decision-making process. This self-auditing process is too vulnerable to political pressures and vested interests. The urgent need for the CONAM to coordinate and raise the level of environmental decision making above the sectoral level does not replace the continuing need for each sector to strengthen its environmental regulations and expertise. The law creating the CONAM appears to give it authority to propose regulation, but the individual ministries must still approve or adopt them for enactment. Enforcement and compliance mechanisms are unclear at best.

The establishment of a coherent, national environmental policy for Peru and the establishment of an efficient regulatory framework requires a strengthening of the public institutions involved in the environment, as well as those private institutions that contribute constructively to policy dialogue. It also requires the establishment of policies for citizen participation, the procurement of financial resources for environmental management through clear and transparent mechanisms, and, finally, the establishment of administrative and judicial procedures that allow the fair enforcement, including enforcement by citizens, of violations of environmental laws.

Public hearings, round tables, debates and other mechanisms that promulgate draft environmental laws and norms are virtually unknown in Peru. The public -- individual citizens, citizen groups, interested institutions, even local government -- often remains ignorant of environmental laws and norms, and almost never has a chance to help shape the norms before they are adopted. Jurisdiction over environmental norms is centered in Lima, thus marginalizing regional and local authorities. If the Peruvian constitution of 1993 recognizes the right of access to information, there are no regulations which permit public sector employees to decide when they can make information available to the public. All of this keeps the public in the dark, and leads to rules that do not respond to social realities and often do not address the reality they seek

to regulate. It discourages compliance and enforcement. Courts, with all their deficiencies, are left to solve conflicts originating in environmental damages.

Peruvian private sector -- composed of the not-for-profit and for-profit sub-sectors -- has taken very active positions on various environmental issues. Nonetheless, its capacity to shape and influence the environmental policy debate has been limited.

Several factors contribute to the not-for-profit's (NGOs, PVOs, academic and research institutions, grassroots groups) weak capacity to engage in policy dialogue. First, these organizations have not clearly defined strategic priorities or goals. This results in disparate institutional efforts and discontinuity. Peru's national environmental networks have generally been ineffective coordinating instruments. For example, they produce separate newsletters that have a very limited circulation and do not cooperate to gain access to mass media channels. Second, these groups have weak outreach and information sharing capacities. Positive lessons or synergies go untapped and information generated does not reach the public at large. Third, the scarcity and conditionality of funding contributes to unhealthy competition and constrains groups from developing policy agendas that are independent of donor interests. This is particularly true for national NGOs which depend on northern PVOs and donor organizations for funding. Finally, the absence of a national environmental authority with which to dialogue has prevented this sub-sector from active participation in the policy-making process.

To remedy the not-for-profit sub-sector's marginalization from the decision-making process, the following capacities should be developed and/or strengthened: (a) consensus-building problem-solving skills; (b) issue identification, analysis and presentation skills; (c) ability to access, use and distribute information for environmental decision making and monitoring; and (d) generation of financial resources to support ENR initiatives that respond to local interests and community needs.

Unlike the not-for-profit sub-sector, the for-profit sub-sector has had recourse to GOP ministerial environmental directorates for law and policy issues that affect them. The interaction between these directorates and this sub-sector, however, has been limited to a narrow set of issues relating to compliance with government procedures and regulations. The failure to engage this sub-sector in a wider debate on the environment raises critical issues, given the contraction of the Peruvian state and a pattern of economic growth based on extraction and processing of natural resources. In effect, the power of this sub-sector over natural resource management has increased without a consequent re-evaluation of its responsibilities and role in environmental management. Little, if any, analysis or debate has occurred on how this sub-sector can participate in a dialogue on environmental policy, or how it might share responsibility for environmental protection with the GOP and the not-for-profit sub-sector.

The for-profit sub-sector should be encouraged to engage in internal environmental policy making and ENR management in order to ensure its long-term economic competitiveness. Peruvian entrepreneurs lack of an understanding of the concept of long-range production sustainability based on rational natural resource use. As Peru's economy expands, its

participation in the international economic system, foreign investment decisions, access to industrialized country markets and economic competitiveness are increasingly conditioned on responsible environmental practices and performance.

As has been demonstrated in developed countries over the last few decades, pollution reduction and growth are not mutually exclusive. In fact, more modern, less polluting machinery and production practices can lead to greater production efficiency and the creation of value from materials currently discarded as pollutants through their reuse, recycling or recovery. Many agricultural production practices which conserve natural resources (e.g., soil conservation) can simultaneously result in greater yields and profit for farmers, thereby leading to economic growth. If Peruvian firms are to compete in the medium to long term, they will need to build the capacity to incorporate information on new technical processes for cleaner production and meet rising consumer demand for goods and services that are not environmentally destructive.

III. PROGRAM FACTORS

A. Conformity with Recipient Country Program and Priorities

Peru has achieved considerable success over the past five years in its quest to end the ravages of terrorism and to begin the long process of rebuilding a modern, sustainable democratic state. Despite the optimism generated from recent GOP successes in carrying out macro-economic policy reform and economic stabilization, significant social, economic and political challenges still exist in its transformation to a modern state and a sustaining democracy in the Western Hemisphere.

Rapid urbanization, uncontrolled growth of peri-urban areas which lack most or all urban services (more than one-third of Peruvians live in or around Lima), and large proportion of rural population that lives in poverty (most of the 20 percent of the Peruvian population which are extremely poor live in rural areas) compel people to adopt survival strategies that are inherently destructive of the environment. These practices result in unsustainable agricultural practices, deforestation, and loss of biodiversity. Similarly, urbanization trends have resulted in urban areas suffering contamination from hazardous and solid waste which has affected drinking water quality and brought concomitant health problems. Rapid economic growth and foreign investment could increase industrial pollution levels and result in long-term damages to the environment without proper stewardship.

Nevertheless, this is a particularly opportune time to assist the development of Peru's ENR policy-making process, since a number of critical actions have recently been undertaken by the GOP. Decentralization of governmental responsibility for generating revenues and determining expenditures is presently under review in Congress. This authority is extremely important to empower municipal governments to take responsibility for effective environmental management. Current sector legislation passed in 1993 and 1994 requires environmental impact studies for investments in development of mining and fishing industries. Concurrent with these legislative efforts, the GOP is attempting to strengthen institutions responsible for the environment.

Recently, the National Environmental Commission (CONAM) was legislated into being, but needs to develop its operating standards and responsibilities. It will be responsible for developing a national environmental action plan, standardizing norms, procedures and policies across sectoral lines, as well as serving as intermediary among conflicting interests in environment. This coordinated approach will eliminate the jurisdictional overlaps and confusion now plaguing the country's ENR policy framework. Environmental officials in public sector ministries, as well as the private sector, see CONAM's role as being critical for rationalizing Peru's environmental legal framework and for resolving institutional differences. As suggested in the Mission Environmental Strategy and the USAID/Peru 1996-97 Action Plan, focus on the CONAM as a primary recipient of support is an appropriately high priority for this Project.

B. Mission Strategic Objective Framework and Environmental Strategy

The current Agency Strategy for Sustainable Development begins with protecting the environment. The Latin American and Caribbean (LAC) Bureau gives the same weight to environmental protection in its Strategy: "USAID will emphasize...maintaining a viable balance between guarding the environment and meeting the needs of economic and human growth by...approaches which limit pollution, health hazards, and destruction of the environment."

The Mission recently completed its environmental strategy (MES) in which it described Peru's seven main environmental and natural resource management issues, analyzed 28 main constraints to their resolution, and recommended programs and methods targeted at the constraints. It also developed and applied a priority-setting framework and indicated priority investment areas for the Mission over the ten-year vision of the strategy.

According to this constraint and opportunity analysis, priority program investments for the Mission in the medium term are: (1) policy and regulatory reform, where relatively modest amounts of highly targeted resources hold potential for nationwide positive impacts; (2) pollution prevention, where potential exists for the highest impact per dollar spent on the daily welfare of the greatest number of poor people; and (3) conservation of biological diversity and the protection of fragile ecosystems which are global priorities under all reigning Agency environmental strategies. Additionally, the MES calls for a more balanced green-brown environmental agenda for the Mission in the medium term.

As of November 1994, the Mission initiated work on reengineering its program structure along the lines of strategic objectives. With the assistance of the PRISM program, the Mission clearly identified five strategic objectives which are achievable and within its manageable interest one of which is "Improved Conservation and Use of the Natural Resource Base." The principal input into this effort was the preparation of the MES, completed in time to include its conclusions and recommendations in the Mission's Action Plan for FY 1996-97. Subsequently, this ENR strategic objective was approved by USAID/ Washington in May.

This strategic objective (SO) focusses on: (1) improving the policy atmosphere for environment and natural resources; (2) using pilot interventions to demonstrate the positive economic benefits to pollution prevention and waste minimization and recycling in carefully targeted sectors; (3) supporting biodiversity conservation through improved protected area management; and (4) maintaining a productive resource base in fragile ecosystems. (See Annex A: Strategic Objective Tree and Logical Framework.) This resulting framework anticipates the Sustainable Environmental and Natural Resources Management project start and Environmental Initiatives for the Americas funding in FY 1995, as well as subsequent and as yet unformulated new starts. It also builds on ongoing Mission ENR activities which are concentrated on more sustainable management of natural resources and on improving protected areas management.

C. Complementarity with other Mission Projects

The Mission's current portfolio includes contributions from its FY 1995 overall DA budget of $1.0 million toward various ongoing environmental activities, $2.8 million DA earmark for obligation to the new SENREM Project, $7.0 million from P.L. 480 Titles II and III resources, and the $0.3 million natural resources component of the Alternative Development projected which is being funded from re-obligated FY 1991 ESF. An additional $1.4 million is being provided to the Mission in FY 1995 through an OYB transfer under the Environmental Initiative for the Americas, bringing the total to $12.5 million for FY 1995.

Additionally, USAID centrally-funded activities support other initiatives coordinated by the Mission including: Parks in Peril program handled by The Nature Conservancy; Biodiversity Support Program; Conservation International's Rapid Assessment Program; The Mountain Institute's Matching Grant to work in the Huascarán National Park; support from the EP3 and EHP projects on the Environmental Initiative for the Americas activities; and support from the regional environmental officer and the LAC and Global Bureaus of USAID.

Specific ongoing and planned USAID/Peru activities will benefit, and be benefitted from, SENREM Project activities. Foremost among these are the other projects directly identified in the Strategic Objective Tree for the Mission's SO #5. These include:

- **Employment and Natural Resource Sustainability (ENRS)**: the principal project supporting biodiversity conservation in the Pacaya-Samiria National Reserve in the northern tropical Amazon.

- **FADEMAD**: stakeholder participation in rural land use zoning in the Tambopata-Candamo Reserved Zone in the southern tropical Amazon.

- **Integrated Pest Management in the Andes (MIPANDES)**: transferring environmentally sustainable agricultural technology for potatoes from research developed by the International Potato Center to potato farmers in the highlands through CARE outreach workers.

Specific "synergies" between the three components of the SENREM Project and specific Mission projects under SOs #1 and #2 are described below according to strategic objective.

1. Increased Participation of Citizens in Democratic Processes (SO #1)

Local Government Development (527-0371). This project is intended to strengthen the institutional capacity of local governments and develop effective participatory mechanisms that promote sustainable democracy at the local and national levels. Initially, the SENREM Project will focus on strengthening the role of the CONAM in coordinating national environmental laws and policies. In the second or third year, specific support is intended to assist the CONAM in decentralizing its administration to the regions and to coordinate with, and clarify, the authorities

of municipal governments in environmental protection efforts. The SENREM Project will use the Local Government Development Project framework to carry out this decentralization effort.

The Municipal and Community Environmental Monitoring element of the SENREM Project will also build capacities at the municipal and grassroots level for participation in information gathering and decision making. Low-cost monitoring kits will be developed as part of this activity and local communities and municipalities trained to use these kits to monitor local environmental quality. Groups chosen to implement the monitoring program are required to present the results and data in an open government forum. This activity will also use the Local Government Development Project framework wherever possible.

Participatory Democracy (527-0356). This project develops open, participatory approaches to problem resolution and is consistent with the advocacy component of the SENREM Project which will analyze policy issues in open fora, disseminate information to citizens and decision makers, and engage communities in environmental monitoring and assessment activities.

Congressional Information and Research (527-0380). This new project being designed for FY 1997 obligation will establish an independent source of policy analysis and training for the Peruvian Congress. Such an institute could be an important vehicle for building the capacity of the Peruvian Congress to address the environmental policy issues identified by the SENREM Project. The Peruvian Congress is one of the GOP agencies that the legal and regulatory component of the SENREM Project contemplates providing some limited assistance to over the medium to long term. Both training and policy analyses could be conducted in cooperation with the Congressional Research Institute contemplated under this Project. CONAM's ability to provide good environmental information, advice and well-considered proposed legislation will also strengthen the Peruvian Congress's capacity to address environmental issues.

Special Development Activities Fund (527-0061). Numerous income-generating, water and sanitation, and environmental protection projects have been funded under this project with grassroots, community organizations. Special emphasis could be placed in future grants on urban environment and pollution prevention.

2. Increased Incomes and Employment of the Poor (SO #2)

Policy Analysis, Planning and Implementation (527-0343). This project is designed to assist the GOP and the private sector in developing sound economic policies and strengthening the policy dialogue and decision making processes. Among the specific projects under the PAPI, several have had direct ties to environmental policy development or training. These include: an international seminar on environmental problems associated with waste management for Ministry of Industry, Tourism, Integration and International Trade and Commerce (MITINCI), which is intended to provide background for the development of an industrial waste management policy; a meeting on Environmental Policy for Sustainable Development, as part of a monthly seminar series for the Confederation of Private Sector Business (CONFIEP); and technical

assistance to the Ministry of Fisheries for development of fisheries standards and monitoring protocols. PAPI efforts can complement the sustainable industries seminars planned under the SENREM Project.

Alternative Development (527-0348). This project will increase employment and income from legal activities in coca producing areas, while simultaneously reducing deforestation, soil erosion and dumping of toxic chemicals used for coca processing into rivers and streams. Two Project components having a link to the environment are: (a) Community Basic Services which will work in potable water and sewage systems and (b) Environmental Protection and Awareness which will concentrate on environmentally-sound farming practices, soil and water management, agricultural sustainability, reforestation, and other environmental conservation practices.

PVO Support (527-0353). This project is assisting NGOs, PVOs and grassroots groups to develop institutional strategies, prepare planning documents and implement development projects. One of the three areas of focus of sub-grants awarded to NGOs under the Project is agriculture/natural resources in which sustainable agricultural activities are undertaken by community groups.

Additional synergies will be achieved with SO #3 through Titles II and III activities related to natural resource management (e.g., the CARE Altura Project) and with SO #4 through Project 2000 and its policy dialogue with the Ministry of Public Health on environmental health.

D. Other Donors

A proactive effort by USAID/Peru to coordinate with those donors most closely related to the proposed SENREM Project activities will provide substantial opportunities over time for USAID/Peru to leverage its funds to achieve its strategic objective. This is especially true for financing the expansion and/or replication of pilot projects undertaken in Component C of the SENREM Project. The following are the principal donors in the areas of environment and natural resources.

Inter-American Development Bank (IDB). The IDB has several projects planned or underway that are relevant. First, the IDB will provide $1.8 million for technical assistance to strengthen the operations of CONAM. Both short-term assistance and a long-term consultancies are contemplated to undertake a number of tasks, including establishing the national standards and technical committee, unifying procedures for EIAs, and developing an environmental information system based on a pilot activity in the Grau Region of the country.

A second IDB project currently under consideration is the Agricultural Sector Loan Program for $146 million which involves the strengthening of public sector agriculture services, including the preparation of new water, land tenure and forestry legislation. The project will also support the development of an agricultural information system and will strengthen INRENA.

World Bank. The World Bank has several ongoing or proposed projects including support for the mining sector, for rehabilitation and management of large water and sanitation systems, and rehabilitation of the transport sector. Each of these projects includes technical and financial assistance to reform specific policies related to environmental protection or natural resource conservation.

The World Bank has been a major participant in mining sector reform, including supporting the environmental department at the Ministry of Energy and Mines. The Bank's modified focus will be on clean production and waste minimization and thus be consistent with what USAID/Peru is attempting to achieve. There is interest in cooperating with the EIA-funded project in the Lake Junin and Cerro de Pasco areas, as well as providing additional support for demonstration projects like those being designed under Component C of the SENREM Project.

In preparation for its new Irrigation Loan, the World Bank is insisting on the passage of the new Water Resources Law which is designed to facilitate the development of water markets, promote private sector investment, and encourage water conservation. The law will grant and protect private water rights, and will decentralize decision making to the lowest appropriate levels. This proposed law will fill one of the important gaps currently existing in Peru's environmental and legal framework.

In addition, the World Bank has been discussing with the GOP the preparation of a National Environmental Action Plan (NEAP) for Peru. The NEAP process is a specific methodology used by the World Bank in developing countries around the world to identify national priorities for environmental action and to organize donor assistance. Although the World Bank's guidelines on NEAPs explicitly emphasize the need for public participation, experience shows that broader debate only occurs where USAID gets involved in the process to support participatory dialogue. The NEAP thus presents an excellent opportunity for the Mission to leverage funds in support of its objective to promote participatory processes. Involvement in the NEAP should also ensure that clean production methods and economic incentives receive greater attention in the process.

United Nations Development Program (UNDP). The UNDP has supported the preparation of proposals to the Global Environmental Facility, including projects to develop common gene banks in Andean zones, conserve biodiversity by campesino communities, conserve biodiversity in Lake Titicaca, and strengthen the National Institute of Agricultural Research. It also supports the strengthening of the CONAM through Capacity 21, a fund created in the UNCED to support sustainable development policies. This project will include building capacities for policy dialogue and strengthening institutions in civil society.

Bilateral Assistance. German assistance through the GTZ has supported the preparation of the Development Plan for the National System of State-Protected Natural Reserves (SINANPE), which will be finished by August. It has also helped develop pilot projects in the Northwest Biosphere Reserve, in the Rio Abiseo National Park, and in the Manu Biosphere Reserve, all working with local communities. The KFW has recently approved a DM 9 million

to support six protected areas and its associated buffers zones. This project will channel it assistance through PROFONANPE.

Debt for nature swaps have been reached between the GOP and the Canadian government that permit PROFONANPE to receive CAN $500,000. The Swiss government, through the Fondo Contravalor Peru-Suiza, has recently supported addressing sanitation concerns through the Ministry of Health. Finland and Holland are also negotiating a debt for nature swap in environmental areas with PROFONANPE.

The International Development and Research Center (IDRC) of Canada is funding a 2-year environmental information project with the research organization Instituto Cuanto. As part of this project, Cuanto is evaluating available statistics on the environment and preparing a State of the Environment publication intended for wide circulation. IDRC is also funding the research institute GRADE to conduct research on the valuation of natural resources in Peru and methods for incorporating environmental costs into national income accounts.

IV. PROPOSED ACTIONS AND THEIR FEASIBILITY

A. Project Goal and Purpose

The Sustainable Environmental and Natural Resources Management (SENREM) Project is an $11.885 million, 5-year effort whose **goal** is to improve conservation and use of the natural resource base in Peru. The Project **purpose** is to increase the capacity of public and private institutions to identify and resolve environmental and natural resource problems.

The Project responds to the Mission Environmental Strategy in support of the newly established *Mission Strategic Objective (SO) No. 5: Improved Conservation and Use of the Natural Resource Base*. The Project will contribute to achieving all four Program Outcomes (POs) under this Strategic Objective: (1) improved regulatory framework for environmental protection and natural resource management; (2) adoption of environmental protection practices in targeted urban and industrial locations; (3) improved management of natural habitats; and (4) increased adoption of sustainable use practices in fragile ecosystems.

Although the Project is primarily designed to meet SO #5, it is a fundamental element to other SOs. Its emphasis on participatory processes for environmental policy dialogue and advocacy will further *Mission Strategic Objective No. 1: Increased Participation of Citizens in Democratic Processes*. The Project brings public and private sector groups together to identify and develop solutions to Peru's most pressing environmental problems. Joint public-private sector partnership in management of key Project components will reinforce democratic processes and increase the public's influence over environmental public policy. The Project will also contribute indirectly to the achievement of *Mission Strategic Objective No. 2: Increased Incomes and Employment of the Poor* and *Mission Strategic Objective No. 3: Improved Food Security of the Extremely Poor*. Project activities are designed to create wealth for the productive sector by introducing clean production technologies which simultaneously prevent pollution while improving productivity and by-product recovery. Improved management of natural resources by the poor will also result in their increased long-term economic well-being. Additionally, Project activities directed toward environmental health will further *Mission Strategic Objective No. 4: Improved Health of High-risk Populations*.

B. Project Results

Five intermediate results have been developed for the SENREM Project. Each of the activities under the three components of the Project are designed to achieve at least one of these five results. Each result is presented below and accompanied by a discussion of its relevance and importance to the Project's overall purpose.

Result 1: Strengthen the environmental policy-making and implementation capacity of government institutions, especially the CONAM.

Public sector management of natural resources in Peru is delegated to sector ministries.

Consequently, the government's ability to address environmental issues has depended on or been defined by the existing human and technical capacity of each ministry. These capacities vary widely. Peru has just recently created a National Environment Commission (CONAM) to articulate a coherent national environmental policy and coordinate environmental and natural resources (ENR) management among the different sector ministries. Strengthening this new Commission and the sector ministries with weak ENR management capacities will improve public sector oversight and management of the environment. Furthermore, a strong CONAM will reduce the existing fragmentation that characterizes ENR policy making in Peru.

Result 2: Improve Peru's environmental laws and policy framework.

Improving the public sector policy-making capability will assist Peru to address differences in sectoral regulations, overlaps and contradictions in the legal code and clarify how certain important natural resources (e.g., water and forests) are to be managed as well as what jurisdiction regional and municipal governments have over the environment. The continuation of these weaknesses create uncertainty for the private sector, making investments in improved environmental management risky, and limit the actions of local governments. Improving the legal and policy framework in a coordinated manner should clarify the rules of the game for both private and public actors, thereby establishing the basis for rational and consistent management of the ENR base

Result 3: Provide reliable environmental information that meets the decision-making needs of all sectors involved in environmental policy making.

The generation and analysis of reliable and scientifically-based information is critical to several steps in the policy-making process: identification of issues, understanding and analysis of problems, priority setting, and remedial actions. Various independent sources of information (both from government and non-government institutions) provide a system of checks and balances in the process. For instance, environmental problems become a public priority if and when there is knowledge of how quickly and severely the natural resource base is being depleted which has implications for national development. Without such information the importance or gravity of national environmental problems cannot be gauged or will remain hidden.

Result 4: Strengthen the private sector's capacities for consensus-building problem-solving and environmental policy dialogue.

Non-governmental organizations (NGOs) and for-profit enterprises in Peru remain largely on the margins of the environmental policy-making process. This is due in part to the fact that there are few transparent or formal mechanisms available for participation in decision making. The situation is aggravated by the limited ability and lack of experience of the private sector in collectively proposing alternative programs and policies or in supplying independent environmental services. Were the capacities for policy dialogue and cooperation developed by NGOs and for-profit enterprises, the government would need to respond to the interests of civil society and begin to incorporate them into the decision-making process.

Result 5: Develop and test cost-effective, financially sustainable ENR practices and technologies.

In Peru there is widespread poverty and limited resources for investment in environmental protection. Consequently, solutions to ENR problems must be low-cost and effective so that the environment does not become, or is perceived as, an obstacle to economic growth and development. There is a lack of information on how environmentally sound practices can improve productivity, while simultaneously protect the environment.

C. Project Components

In order to achieve the above results, the Project consists of three components: (1) Legal, regulatory and policy framework impacting on the first three results; (2) private sector advocacy impacting on the fourth result; and (3) demonstration projects impacting on the fifth result. All three components are linked through the CONAM and its implementation mechanism so as to achieve a collaborative synergy between the public and private sectors.

Given Peru's fifteen years of economic and political crisis, the strengthening of environmental management and policy making must occur in consonance with GOP priorities for continued economic growth and political stability. In addition, there is a need to maximize the impact and leveraging of USAID funding given the Agency's increasingly limited resources relative to other international donors. Therefore, the Project will adhere to the following operational principles: (1) build initial credibility by focusing on activities of least resistance with a high probability of success; (2) leverage resources by seeking synergies with other Mission and international donor activities; (3) incorporate concepts that encourage financial sustainability, such as pollution prevention; (4) build in-country capacities to replicate and adapt Project activities in the long term; and (5) build on positive local experiences while evaluating and adapting outside experiences.

1. Component A: Legal, Regulatory and Policy Framework

The Project's legal, regulatory and policy framework (LRPF) component is designed to assist in the improvement of Peru's environmental and natural resource laws and policies and to strengthen the institutional capacity of Peru's environmental agencies, particularly the recently created CONAM.

This component will require flexibility to respond to evolving needs of the GOP environmental agencies. For example, the CONAM and many environmental departments within GOP sector ministries have not yet completed short-term work plans and, in some cases, basic guidelines on how they intend to operate. Additionally, activities identified in this project design for CONAM's implementation may eventually be implemented by one or more sector ministries, since implementation is their responsibility. The Project's degree of flexibility, allowing it to respond on a timely basis over a wide range of areas (consistent with USAID/Peru's overall environmental strategy), will be a key determinant in the Project's success.

Three elements are proposed under the Project's LRPF component. The first two--providing short and medium-term technical and financial assistance, and short-term training--are in tended to build the general capacity of the CONAM and GOP sector ministries. The former will need assistance in institutionalizing its ability to access highly technical (including legal) assistance to respond to specific overlaps, contradictions, and gaps in Peru's ENR legal and policy framework, while the latter will require support in the preparation and implementation of sector-specific EIAs, environmental standards, and reporting requirements. The third element -- environmental information -- is intended to provide technical and financial assistance to help the GOP collect, verify and distribute environmental information. **The total cost of this component is $3,311,000.**

Element 1: Technical Assistance to CONAM and GOP ministries ($2,580,000)

The development of a strong CONAM is critical for the effective coordination and rationalization of Peru's environmental policies. The CONAM has the authority to coordinate all ENR regulations/policies administered within GOP sector ministries and to develop a national environmental policy for Peru. Mission support to the CONAM in its early and middle stages will help it become operational and will be important for opening a policy dialogue in ways that support USAID/Peru objectives over the long term. The Project will assist the CONAM in ensuring that its activities reflect broad participatory practices, consider economic incentives, and emphasize clean production solutions to environmental problems. Assistance to the CONAM also offers an excellent opportunity for leveraging funding from other donor agencies, since the CONAM is expected to receive financial support from both the Inter-American Development Bank and the United Nations Development Programme's Capacity 21 program.

Technical and financial assistance will be provided in support of specific short- and medium-term priorities and identified jointly by the CONAM, USAID, and the Project's Technical Assistance Provider, through which off-shore services will be obtained. Short-term priorities (addressed in the first twelve months of CONAM's operations) will be designed to assist the CONAM in clarifying its role, attracting qualified environmental professionals, setting priorities, and addressing a relatively few substantive issues identified specifically in the law creating the CONAM. Medium-term priorities, addressed in three to five years, will reflect USAID/Peru's environmental objectives and its comparative advantage in participatory processes and in clean production activities.

This element will also provide the services of a resident advisor for a two-year period and specific short-term technical and legal assistance to the CONAM and to other GOP environmental agencies to improve the LRPF, as well as develop scientifically and economically sound policies and norms to respond to overlaps, contradictions, and gaps in Peru's ENR legal, regulatory and policy framework. Critical legal and policy reforms will arise that must be addressed by the GOP. Although some can be identified now, others will emerge over time.

Illustrative priorities to be funded under this element may include, but are not limited to: (1) assistance in drafting the regulations and operating procedures for the CONAM; (2)

support for the CONAM to establish and implement its own workplan, including transitional rules relating to its relationship to other GOP ministries; (3) support for the CONAM to include broad public participation in developing a National Environmental Action Plan; (4) the development and initial support of an inter-ministerial task force, or some other coordinating process, among GOP ministries having some relation to the environment; and (5) consultative meetings with other Latin American officials experienced in starting and operating CONAM-like institutions.

The Project will also fund the establishment and operation of a four-person implementation unit within the CONAM which will be responsible for coordinating financial and technical assistance both to itself and to the GOP sector ministries in strengthening the legal, regulatory and policy framework. This unit will also be responsible for implementing Elements 2 and 3 of Component A and Element 4 of Component B.

Element 2: Public Sector Environmental Training ($406,000)

This activity will build the technical integrity and legal capacity of the CONAM and other GOP environmental agencies by providing short-term training opportunities to public officials. A lack of well-trained environmental professionals in Peru's public sector reduces the ability of GOP environmental agencies to set reasonable, scientifically-based policies. This is partly due to the low level of resources made available to the environmental agencies within sector ministries, and partly reflects a lack of environmental training opportunities in Peru. As the environmental agencies expand their policy-making roles, the demand for environmental training will also increase. The Project will address these training needs by facilitating the organization and provision of up to seven topical workshops for a range of public officials.

Workshops will be held for public sector professionals for the transfer of technical skills in areas such as: (1) managing multi-stakeholder or public participation processes; (2) implementing Environmental Impact Assessment requirements; (3) introduction to clean production concepts and principles; (4) pollution prevention auditing methodologies; and (5) managing environmental information in the public sector. Additionally, public sector environmental officials will be invited to attend sector-specific training workshops that are intended to promote clean, sustainable industries as described in Component B.

Provision is also made in the element for short-term international visits by GOP officials and private sector representatives to developed countries' environmental organizations, industries, government laboratories, universities, etc. to observe already-tested methods for sound ENR management and pollution prevention.

Ultimately, a strong ENR legal and policy framework will also depend on strengthened capacities in the judiciary and the Congress. The judiciary could take an expanded role in resolving disputes and protecting certain basic environmental rights. Therefore, at least one training workshop will be coordinated with the Mission's Justice Sector Support Project (527-0352) to train judges and prosecutors in basic environmental issues. Also, the Congress

can play a vital role in shaping the future of the nation's environmental policy. As such, at least one training workshop will be coordinated with the Mission's Participatory Democracy Project (527-0356) to train legislators in basic environmental issues. (See Section III for more information about the Project's collaboration with other Mission projects and outside donors.)

Element 3: Environmental Information ($325,000)

This element will assist the CONAM and other GOP environmental agencies in developing, managing, and distributing user-friendly environmental information that meets the needs of the CONAM and the central government, as well as regional governments, municipalities, and the private sector. The activity involves identifying the specific information needs and resources of the GOP; developing the capacity for implementing an annual industry reporting requirement; and strengthening the mechanisms for public access to GOP information.

2. Component B: Private Sector Advocacy

The following five elements compose the key interventions which the Project will carry out under this component. They build policy dialogue and outreach capabilities in the private sector while encouraging pollution prevention. They are designed to establish credibility for USAID/Peru's advocacy program in the short and medium term. **The total cost of this component is $2,223,000.**

Element 1: Analysis and Outreach ($859,000)

a. Policy Research ($300,000)

Technical and financial support will be provided to a few experienced, well-respected not-for-profit organizations for undertaking sound analysis and outreach on specific policy issues. Among Peruvian organizations that have ample experience in implementing environmental policy analysis and outreach, two prestigious institutions stand out as examples of the type of institution to carry out this component: Sociedad Peruana de Derecho Ambiental (SPDA) on environmental law and policy; Fundación Peruana para la Conservación de la Naturaleza (FPCN) on the analysis and dissemination of environmental information; and Oficina de Asesoría y Consultoría Ambiental (OACA) on dissemination of alternative scientific and technical solutions for environmental problems. Each institution will receive technical assistance on methods for sound policy research, consultation processes, and outreach strategies. The aim is not only sound policy research, but outreach that delivers the findings of this research to particular audiences. Policy research will be packaged in a format (e.g., journal articles, editorials, videos, press releases, policy seminars) that reaches target audiences (GOP ministries, Congress, entrepreneurs, the general public) in a timely and high-impact manner.

The participating organizations will be chosen using the following criteria: capacity to absorb and apply the proposed technical assistance; a well defined niche or area of specialization; and respect and credibility within the not-for-profit sub-sector. Each of the

selected organizations will be provided technical assistance to prepare a policy research and outreach program dealing with relevant topics which will include the following stages or steps:

(1) Workshop on research, capacity-building and outreach methods involving staff of the organizations.

(2) Preparation of an 18-month policy analysis and outreach plan for particular issues. The document should address how information will be gathered, the analysis to be carried out, and the forms of outreach.

(3) Periodic workshops and publications that discuss the issues analyzed and their application to resolving current environmental problems/policies. This information will be provided to the Foro Ecológico.

b. Permanent Ecological Forum ($559,000)

This element will partially finance the operation of a permanent, umbrella ecological forum (Foro Ecológico) composed of the following eight Peruvian environmental networks representing more than 120 institutions:

- IUCN's Peruvian committee
- Medio Ambiente magazine
- Coordinadora Rural
- Red Ambiental Peruana (RAP)
- Red de Alternativas al Uso de Agroquímicos (RAAA)
- Red de Agricultura Ecológico (RAE)
- Red Nacional Forestal (REDFOR)
- Universidad Agraria - La Molina (CEMA-EPG)

The Foro is a private voluntary association which will orient civil society to obtain information and participate in environmental decision making. Specifically, the Foro will: (a) prepare proposals for priority actions and/or policies on improved ENR management to be presented to appropriate GOP authorities; (b) promote understanding and application of the principles and objectives of sustainable development in all activity areas, while sensitizing public opinion on these needs; and (c) institutionalize the exchange and discussion of analyses, research, ideas, and proposals on environmental policies and programs which will include annual ecological fora.

Element 2: State of the Environment Report ($200,000)

Technical and financial support will be provided to a local organization with experience in the publication of national social and economic statistics to publish an annual independent state of the environment report. Funding will be provided for the production and publication of four annual reports. The first report will compile available environmental

information and statistics and supplement this with chapters on key issue areas and analysis of environmental trends. The subsequent reports will use this format, but add new or additional statistics available from regions or satellite data.

Innovative forms of reporting on the environment will be included, for example, "report cards" or ranking lists of the industries (both private and public) that are considered to be the cleanest and the dirtiest based on recorded emissions, health impacts on surrounding communities, or other evidence. The report will include a listing of pending or recent suits for environmental damages, companies that fund community environmental initiatives, and companies with environmental codes of ethics or pollution prevention programs. The aim is to create positive and negative incentives for responsible environmental management. Companies would vie to stay off the list of polluters and would compete for inclusion in the list of firms with progressive environmental programs and operations.

Funds for start-up will be provided, with funding decreasing over the life of Project as the local organization secures additional funds from other funding sources, including revenues from the sale of the reports. This will assure the continuity of the report after the end of the Project.

An example of such a highly recognized local organization specialized in the analysis and publication of national social and economic statistics that could be considered is "Instituto Cuanto", which publishes "Perú en Números". Cuanto is securing funding from Canada's International Development and Research Center (IDRC) to develop an annual environmental report. The activity proposed here could complement the Canadian funds, with SENREM funds being earmarked for the preparation of the report cards and analytical or thematic chapters on issues of interest to USAID: pollution prevention, the urban environment in Peru, and Peru's coastal resources. Policy research undertaken under Element 1 could also provide good source materials for this publication. While Cuanto would appear to be a leading candidate for carrying out this element, the Mission is not prepared at this time to make a final decision without sounding out the market for other potential organizations and until such time as the implementing agency, CONAM, is be fully consulted. Should any waivers for less than full and open completion be required, the Mission will prepare those at the appropriate time.

Element 3: Industry Seminars ($90,000)

The for-profit sub-sector is a potentially large source of investments and innovation for improved ENR management. These resources remain largely untapped because of the lack of a mechanism to facilitate this sub-sector's input and contribution to the policy dialogue.

The Project, in cooperation with the CONAM, GOP sector ministries, and the private sector, will sponsor a series of five sector-specific, sustainable industries seminars during the first two years of the Project that will: (1) invite industry leaders in pollution prevention and corporate environmental management to present the benefits of their programs; (2) consider possible incentive structures for sectoral change; (3) discuss how the public sector and not-for-

profit sub-sector can support private industry initiatives; (4) analyze options and coming investments in the sector that will impact the environment; and (5) discuss changing roles and responsibilities of the for-profit sub-sector in the environmental arena. Seminars are proposed for the following sectors: mining, petroleum and natural gas exploration, manufacturing, fisheries, and agriculture.

The agenda for each sustainable industries seminar will be developed jointly by a steering committee made up of representatives from the CONAM, the lead industry business association (gremio) for the respective sector, the appropriate GOP sectoral ministry, and the Foro Ecológico. In addition to developing the agenda, the steering committee will identify speakers and participants, and review the draft of the strategy document to be published after the seminar. The appropriate industry association will be responsible for publishing the sectoral strategy that will incorporate the main issues discussed at each seminar and propose an action plan to move the for-profit sub-sector toward cleaner production and long-term sustainability.

Element 4: Clean Production Program ($786,000)

The public administration and implementation capacity of the GOP has been greatly reduced as part of the dramatic downsizing of the public sector apparatus. As a result, the institutional capacity to monitor and enforce specific standards does not exist, nor is the GOP likely to support such a system in the near future. Moreover, as in many developing countries, a system built on enforcement of standards has historically led to "rent-seeking" behavior among government officials, leading to a cycle of corruption and non-compliance. Consequently, setting and trying to enforce maximum permissible discharge limits, though eventually a necessary part of any modern environmental regulatory system, may not be an effective approach for Peru at this time.

Just as importantly, standards that are not flexibly implemented may unnecessarily compel industry to employ expensive "end-of-pipe" technologies to control pollution, when with more time and experience, they could develop more cost-effective clean production methods that either reduce pollution at the source or create value through internal reuse. Such clean production or pollution prevention practices frequently offer low-cost opportunities for improving environmental performance, and in some cases, generate significant revenues for the enterprise. Clean production approaches often are cost-effective, have short pay-back periods, and require less ongoing maintenance. At least since the 1990 passage of the Pollution Prevention Act, the U.S. has made pollution prevention (as opposed to "end of pipe") a national priority of its environmental policy. Canada and many European countries are following this lead, and emphasizing cleaner production industrial policies and practices.

By using its comparative advantage in clean production and pollution prevention, USAID will play an important role in ensuring cost-effective implementation of environmental standards and in facilitating voluntary improvement in environmental performance through the adoption of more efficient clean production methods. This will allow Peru to "leap-frog" over its reliance on traditional command-and-control or "end of pipe" technologies.

The Clean Production Program (CPP) is designed to provide technical and financial assistance and training in an integrated, high-profile effort to promote cost-effective clean production methods that minimize, to the maximum extent possible, pollution at the source or that reuse, recycle or recover the pollutants. This leads to the "creation of value' by increasing the efficiency of the total product processed or by identifying waste material that can be internally recycled or sold to other manufacturers.

In cooperation with the CONAM and other environmental departments of the GOP sector ministries, the Project will launch a CPP to facilitate the adoption of clean production policies and practices by: providing a clean production information clearinghouse; recommending specific policies that promote the adoption of clean production methods; developing case studies of successful clean production efforts in Peru; providing technical training on pollution prevention auditing methods; and establishing a revolving fund for the financing of clean production efforts. The CPP element of Component "B" will be managed by CONAM.

Element 5: Municipal and Community Environmental Monitoring ($288,000)

The activities under this element will train municipal officials and/or organized community groups (especially women's groups) to monitor and assess local environmental conditions. Technical and financial assistance will be provided to a not-for-profit organization with a track record for high-quality scientific work and direct experience working with poor urban and peri-urban communities. One example of such an organization is OACA, a private sector organization which manages a physical-chemical and microbiology laboratory that carries out analyses of water and soil samples for NGOs, private firms and municipalities. OACA also develops water and sanitation programs in peri-urban areas, principally the Lurin Valley and the Upper Rimac River watershed.

The activities will proceed in five stages. First, the selected organization will test and develop simple technical methods to measure and monitor environmental water, air and soil quality, specifically portable monitoring kits and simple laboratory units. In the case of water, for example, simple equipment to measure turbidity, pH, salinity, total suspended solids, dissolved oxygen or conductivity will be developed and adapted for use by trained community monitors. Second, sampling and training materials will be developed and tested by the same organization. Third, interested municipalities will be identified, and staff trained to carry out a monitoring program. The software package developed under the Environmental Initiative for the Americas funding for the comparative risk assessment for Lima will be transferred to these municipalities for its eventual application. Fourth, after the first year of monitoring, a simplified environmental assessment will be developed using the monitoring data gathered. Finally, the assessment will be presented before an open municipal forum or community round table for public discussion.

Four municipalities will be chosen to participate over a three-year period. By the end of this period, the implementing organization will have produced a guide to low-cost environmental monitoring, and a simple environmental assessment methodology for small

municipalities and poor communities. In addition, the organization will be asked to produce an evaluation of the lessons learned in developing and implementing low-cost monitoring programs.

3. Component C: Demonstration Projects

At the heart of this Project is a desire to facilitate the implementation of sound environmental practices throughout both the public and private sectors in Peru. As a consequence, this Project will fund a variety of pilot projects that will encourage grassroots demonstration of the success of using sound environmental practices. The total cost of this component will be $4,335,000, including $1,110,000 for five projects already approved under the Environmental Initiative for the Americas.

The small-scale demonstration projects will be funded by the Project through the Private Sector Coordinator to establish tangible examples of value-added, environmentally sustainable activities. These activities will encompass the green (agricultural, forestry, biodiversity, etc.), brown (industrial and urban pollution), and/or blue (ocean resources) areas of the Peruvian environment and will be guided by principles outlined in the Mission Environmental Strategy.

At the heart of the demonstration program lie the principles of pollution prevention and waste minimization. These principles, when demonstrated correctly, will lead private industry and public sector organizations to adopt clean technologies that add value to their operations while reducing environmental abuse and natural resource waste. Sustainable conservation activities that generate sufficient revenue to be operationally sustainable are also at the heart of this component.

Preference will be given to results-oriented activities. To receive consideration for funding, demonstration projects must be focused and economically sustainable, be completed within 24 months, include impact indicators must be clearly identified in the proposed intervention and must be easily measured. Awards typically will not exceed $300,000 and will be made on a competitive basis, with approximately four projects per year selected for implementation during the first three years of the Project. The total cost of the new projects is $3,075,000, which includes $150,000 reserved for any environmental assessments that may be required.

To ensure that no significant environmental impacts occur during the implementation and operational phases of the pilot projects, prior to initiation of the demonstration projects the implementing institutions will conduct analyses of possible environmental impacts of project activities and develop site-specific mitigation measures for unavoidable impacts. A monitoring plan to ensure the adoption of the mitigation measures will also be developed. If a significant negative impact is anticipated, even with these mitigation measures, a full environmental assessment will be conducted. A budget line item has been included in the illustrative budget for this purpose.

a. Steering Committee

This Committee, established jointly by the CONAM and USAID, will consist of members serving on a *pro bono* basis representing USAID/Peru, the CONAM, the private sector coordinator, and other bilateral and multilateral donors (e.g, German, Japanese, IDB, and WB), as appropriate. The inclusion of these other donors will facilitate the leveraging of future resources. The Committee will review proposals and recommend selection of demonstration projects, as well as participate in periodic reviews of progress.

b. Criteria for Project Selection

To ensure the desired intent and quality of demonstration projects, successful proposals must meet the following criteria:

(1) Address a critical problem identified in the Mission Environmental Strategy.

(2) Indicate a high degree of sustainability as demonstrated by building local technical and management capacity and generation of revenue to permit the continuation of the activity after Project funding has ceased.

(3) Indicate a strong potential for replication and/or expansion into other geographical areas of the country or other sectors.

(4) Propose interventions that engage the poor and underprivileged, particularly women.

Furthermore, entities submitting proposals must demonstrate: (a) their level of experience in implementing projects of the nature they propose; (b) their ability to document the process through case studies; and (c) their ability to bring diverse stakeholders into the process.

c. Projects Funded by Environmental Initiative for the Americas (EIA)

Five demonstration-level environmental projects, separately approved and funded under USAID/Washington's EIA program, will be incorporated into this Project and managed directly by USAID's PMU. After joint USAID-CONAM consultations and briefings on these projects, CONAM has concurred that these pilot activities fit well within the scope of the project and are consistent with the project concept and objectives. These projects address several important problems in Peru's environment and can be considered as examples of additional demonstration projects that might be funded under the Project. Brief descriptions of these activities follow.

(1) Industrial Pollution and Its Prevention in Paracas: This pilot project, targeted at fishmeal plants operating in Pisco near the Paracas National Reserve, but intended to influence Peru's entire fishmeal industry, is designed to promote the voluntary adoption of pollution prevention measures which are both economically-advantageous to industry and help

protect the environment. Key interventions to be employed under this project include comprehensive pollution prevention diagnostic assessments of fishmeal production processes to identify opportunities for waste minimization, reuse and by-product recovery; the selection of model plants to test those techniques which offer the least amount of investment and quickest payback periods; training of plant managers and technicians in these techniques; and the dissemination and stakeholder discussion of the results of the project at a final roundtable event. A contract or cooperative agreement to a local NGO will be negotiated to conduct this activity.

(2) Pollution Prevention and Control of Wastes Affecting Lake Junin: This activity, targeted at point and non-point contamination sources near and at Lake Junin, but intended to influence the entire mining sector, will examine the potential for economically-beneficial pollution prevention measures such as waste minimization, reuse, and by-product recovery (and, if necessary, the strengthening of current and planned effluent containment and control efforts) at mining operations near Cerro de Pasco in order to reduce and, if possible, eliminate further contamination of the biodiverse-rich Lake Junin Reserve. The condition of Lake Junin will also be assessed to identify all sources of contamination, its severity, and remedial and protection options, including engineering alternatives. Interventions such as diagnostic assessments, pilot testing, technical training, and information dissemination through a culminating roundtable will be used. This activity will be conducted through a contract or cooperative agreement to a local Peruvian NGO.

(3) Lima Comparative Risk Assessment (CRA) Study: Through the use of secondary data and CRA methodologies, this study will rank, on an impact to human health basis using dose response analyses, the environmental problems facing Lima. The CRA is also an important analytical tool for public and private sector entities and donors to establish realistic agenda and goals for urban environmental policies and to increase the potential impact of resources dedicated for urban environmental programs. This activity will be conducted through a buy-in to a centrally-funded USAID project.

(4) Innovative Approaches to Solid Waste Management in Peri-Urban Areas: This pilot activity, intended to ultimately affect poor peri-urban communities throughout Peru, will implement and test an innovative, replicable and low-cost solid waste collection and management program in Lima's "Cono Norte," integrating features such as waste segregation at the household level, the creation of value by waste reuse, and placement of non-recyclable waste in a model sanitary landfill site. It is intended to (a) improve the urban environmental conditions of poor peri-urban communities and reduce the environmental health risks of families living in these communities; (b) emphasize a participatory approach which incorporates poor women from the community to staff and manage the microenterprise; and, (c) promote a private sector market approach to providing basic urban services based on a sustainable fee structure. This activity will be conducted through a grant to a local Peruvian NGO.

(5) Information Transfer for Environmental Management in the Mining and Energy Industries: Under this activity, the U.S. Bureau of Mines, in conjunction with the Ministry of Energy and Mines (MEM), will offer three regional technical seminars, to assist the

MEM in implementing Peru's newly promulgated environmental regulations by providing informational training for mid-level Peruvian public and private sector technical personnel in various state-of-the-art and or existing environmental technologies and economic incentives that will: (a) facilitate compliance and implementation of these regulations, and, (b) enhance the long-term economic sustainability and competitiveness of the mining and energy industries of Peru. A special high level public and private sector roundtable will be offered in Lima following regional training to foster further dialogue and understanding of policies and issues. A Participating Agency Service Agreement (PASA) will be signed between USAID and the USBM to design and implement the above described seminars and roundtable.

d. Sample Demonstration Projects

Through a joint partnership between CONAM, USAID, and the Project Steering Committee, additional pilot, demonstration projects will be recommended for funding. Although not exclusive, illustrative examples of the types of small-scale demonstration projects which could be considered include the following:

(1) Identifying Value-Added Opportunities. On a national level, industrial audits, comparative risk assessments, and baseline studies are tools useful in determining where the added value from pollution prevention interventions is maximized. These sector-wide assessments are useful in determining priority areas on which to focus industry- or facility-specific audits. For example, low-cost baseline studies can be designed to monitor discharges from energy, mining, and seafood processing operations. Or baseline information can be collected on the nature, amount, and origin of hazardous solid waste within municipal waste streams. Audits can identify areas where waste can be avoided, stopped, reused, recovered, recycled, and ultimately prevented. Process modifications in these areas are revenue generating. Collateral studies can reveal U.S. technologies applicable in Peru. They could use the CRA software developed under the Environmental Initiative for the Americas project described above.

(2) Food Processing Efficiencies. Peru's industries include a number of processing operations ranging from canning of fresh fruit and vegetables to processing of meat and poultry. This activity focuses on developing plant audits to identify operations amenable to water reuse, by-product recovery, or recycling of process streams. For example, a dry peeling operation was introduced to the peach canning industry which reduced water consumption, made peeling easier, and generated a by-product useful as a poultry feed. In another operation, the rumen from a cattle slaughterhouse were separated and enzymatically converted to fish feed used in aquaculture production. Many other similar operations are possible within the food processing industry. Audits of this nature can increase the facility's profitability while reducing it's overall waste discharge. The enhanced profitability may lead to job creation opportunities. Local counterparts could include the Sociedad Nacional de Industrias with seed money from SENREM starting a revolving fund for provision of audits. As successful case studies are published, firms would be charged for these services based on a percentage of savings realized.

(3) Community-Owned and Managed Small-Scale Water and Sewage

Enterprises. Sewage services in Peru are poor. An effective manner of improving this service is through the creation of municipal level microenterprises which provide low-cost, low-maintenance solutions. This activity could provide adequate support to municipalities, decentralized units of the Ministry of Public Health, and grassroots organizations for the creation of small-scale water and sewage companies. The resulting enterprises could be co-owned and co-managed by both the local authorities and the local communities. The enterprise might sign an agreement with SEDAPAL (Lima's water utility) to gain legal standing. Associated training programs would focus on developing local capacity to administer, operate, and maintain these companies, as well as provide guidance on establishing an adequate pricing schedule and a systematic collection system. Projects should include the participation of women. To fund these pilot businesses, revolving funds could be created or private sector lending promoted.

(4) Ecotourism. This activity would support coordination among the various GOP agencies, NGOs, and private businesses and associations engaged in ecotourism. Emphasis would be placed on (a) providing technical support to establish carrying capacity parameters including suggesting ways to reduce the impact of visitors to fragile sites; and (b) creating feedback systems for information on the tourist sector so that investment and management decisions will be based on an accurate profile of the targeted clientele. The activity could provide training to: the existing tourism industry to work in ecotourism; communities that want to provide services for this sector; and government officials who will make decisions about tourism which would impact protected areas.

(5) Microenterprise Afforestation. This activity can support the efforts of local associations to develop and manage microenterprises that produce forest products using environmentally benign technologies and forest management systems. "Green" certification of these products, meaning that products were made from sources obtained in an ecologically-sound manner, can be included. Products from an environmentally managed and certified forest could draw a premium on international markets. Activities could include for-profit contracting of upland afforestation between a community organization (especially of women) and a private company, NGO, or public institution where trees are tended to by the community and planted on community land using seedlings, credit, and other inputs provided by the contractor.

D. Major Assumptions, Risks and Evaluation of Alternatives

1. Major Assumptions and Risks

The SENREM Project presents some management challenges, given the range of activities contemplated and the need to build flexibility into the Project to be able to respond to evolving needs. The flexibility inherent in the approach to the Project will allow activities to be developed and implemented sequentially and in coordination with the CONAM and other GOP environmental agencies.

The nascent nature of the CONAM provides the most important uncertainty in this

process. The ultimate authority and role of the CONAM is not clear at this time and until the CONAM has developed a short-term work plan, the Mission must assume that its funding priorities will match the CONAM priorities. This is alleviated somewhat by the flexibility built into the Project which will allow the Mission to both provide specific assistance to the CONAM regarding new issues and to provide assistance to other GOP environmental agencies, if the CONAM chooses to delegate (or, more precisely, chooses to leave) certain authorities in the hands of other agencies.

Just as importantly, questions remain concerning how effective the CONAM will be in establishing and coordinating national environmental policy. The Mission's support will improve the chances of the CONAM becoming an effective leading policy maker. Even with Mission support, however, there is some risk that the CONAM may not be given, or may not take, the power and support necessary to oversee other GOP ministries. In particular, the Ministries of Energy and Mines and of Fisheries are politically very powerful and may not easily be "coordinated" by the CONAM. Further, structurally the CONAM does not include representatives from each ministry (as compared to Chile's CONAMA, for example). The result may make it more difficult for the CONAM to fulfill its coordinating role. The Project's inherent flexibility will allow it to adjust to any of these developments, as it will be able to target resources to those GOP offices that emerge as critical for addressing specific ENR policy issues.

An additional critical assumption is that proposed financial support for the CONAM contemplated by other international donors -- most notably the IDB and the UNDP -- will be approved and available for the uses now being discussed. Again, the risks associated with this other funding are reduced by the inherent flexibility of the Project and by the Mission taking a proactive approach to inter-donor coordination.

Another major assumption is that the GOP will not reverse its recent elevation of environmental concerns as important national policy issues. Creation of the CONAM and other recent actions suggest that environmental policies will enjoy substantial attention from the Fujimori government. This will strengthen the political clout of the CONAM and GOP environmental agencies and provide greater opportunity for the private sector to influence ENR policy.

In terms of not-for-profit sub-sector participation in this Project, there is some risk that individual groups will not work well together. Under the auspices of the Project, this risk will be diminished by strengthening the umbrella Foro Ecológico which has as its members, individual NGO networks within the sector. The Foro will have its own staff and organizational unit, partially supported by the Project, which will address issues such as NGO collaboration. Additionally, this umbrella organization is being supported by the Project in response to the desires of the NGO community to strengthen their organization within a single entity for the provision of leadership and focus.

2. Participation of Stakeholders in Design and Implementation

In order to ensure the feasibility of the Project, the Mission held numerous working sessions with the CONAM, GOP sector ministries, not-for-profit and for-profit organizations, and other international donors in relation to the priorities for rational ENR management. Part of this lengthy consultation process was initiated with the preparation of the Mission Environmental Strategy which began in October 1994. The activities designed in this Project are precisely those which have been identified by the Strategy as priority for Peru and in which USAID/Peru has a comparative advantage. The Project is also designed to strongly support the Mission's strategic objective framework and its SO #5, as described in the Mission's 1996-97 Action Plan.

The Project design team has been careful to identify the synergies or linkages between this Project and other Mission activities and those of other donors in ENR, as described in Section III of this paper. Additionally, the implementation mechanisms chosen for this Project (described in more detail in Section VI of this paper) also ensure the feasibility of the Project by incorporating all stakeholders in both coordination and implementation decision making. Flexibility in design and implementation will allow the Project to adjust to priority needs as plans and programs are developed by the CONAM, GOP sector ministries, and the private sector.

3. Gender considerations

The SENREM project will carefully design and implement its activities taking into consideration women's special needs and gender roles. Following are some examples of how the Project will address gender issues identified in the Mission Environmental Strategy. Further analysis will be conducted with the specialized short-term technical assistance of the TAP and/or G/WID and LAC/WID once the implementing agencies are in place.

Strategies to address gender issues will be implemented at both the institutional and local levels, taking into account the direct beneficiaries of SENREM interventions. At the institutional or macro level, the institutional strengthening training plans for GOP and NGOs participating in SENREM will include tools to identify and address gender issues where these are relevant. Emphasis will be given in those workshops in areas where impact on men and women are most likely to be different such as: natural resource management, environmental impact assessments, public participation processes, clean production concepts, environmental monitoring and data collection, and alternative technical solutions for environmental management, and environmental information. Technical assistance will be provided to include gender considerations in the process of improving the legal and regulatory framework, especially in the area of control of natural resources.

SENREM activities related to information development and dissemination will also include the gathering of relevant data that will demonstrate differences on the impact of the state of the environment on men and women. Gender analysis will be included in the development of specific analytical or thematic chapters in the State of the Environment report that will address USAID issues of interest such as urban environment and pollution prevention. Dissemination

activities oriented to sensitize the population on the findings and recommendations of the Foro Ecologico will integrate gender in their strategies to effectively reach both females and males based on their interests in natural resource management.

At the local or micro level, activities that will be developed with communities, grassroots organizations, or demonstration projects will take in to account gender considerations in the design and implementation of the projects. Special attention will be given to activities that will address environmental problems that affect women disproportionately. For example, water contamination in poor rural areas, from toxic wastes produced from mining centers in the highlands or coca paste producing areas in the jungle, increase the loss of economic opportunities for women in their search for cleaner sources of water, and exacerbate the health and nutrition vulnerability of pregnant women and children. Deforestation destroys the areas where women obtain food, medicinal plants, firewood, and other benefits. In peri-urban areas, the inexistence or inadequate disposal of solid waste, and the effluent from industries and vehicles affects morbidity and mortality rates caused by respiratory and transmissible diseases especially on small children and women.

Therefore, women's participation will be emphasized in activities that they are primarily responsible for, such as: municipal and community environment monitoring, microenterprise afforestation, community-owned and managed small-scale water and sewage enterprises, and microenterprise solid waste management. In addition, gender analysis will be needed in the design and implementation of pilot activities, especially those where women participate, such as the Solid Waste Management Project. As stated in the monitoring plan (chapter V.D) basic information on pilot activities will provide gender disaggregated data to the extent feasible.

4. Evaluation of Alternatives

Various alternatives were considered for implementing this Project, including: (1) concentrating only on "green" issues; (2) working only with NGOs in building up their environmental analysis and advocacy capabilities; and (3) working with both "green" and "brown" issues but not supporting GOP legal and regulatory efforts due to impending support by the IDB in this area.

When the SENREM Project was first conceived in 1994, the intention was to concentrate efforts on natural resource management ("green" issues), building on the considerable successes in this area under past and present Mission projects. This included soil conservation, reforestation, and watershed management, working through the GOP entity responsible for these activities (INRENA). However, with the preparation of the Mission Environmental Strategy (MES) in early FY 1995, it was determined that "...the Mission's hillside agriculture programs are...very effective...which, nevertheless, are at a disadvantage when compared in the medium term to competing alternative ENR investments. They are not a Mission target of opportunity because many other donors as well as the GOP have already adopted successful hillside agriculture programs that were developed more than 10 years ago by

the Agency. Their expansion in the medium term will be strongly supported by the IDB, World Bank and other bilateral donors."

Nevertheless, two POs under SO#5 deal with improved management of fragile ecosystems and natural habitats. In harmony with these POs, the MES clearly recommends that one of its three strategic approaches in the medium term should be a continued emphasis on biological diversity and fragile ecosystems within the context of economic growth and integration. In the short term, this will be carried out through a continuation of Mission ongoing efforts under existing projects and programs as detailed earlier in Section III. The MES also stresses that in the medium term, there should be a transition to a more balanced brown-green environmental agenda in which programs that combine pollution cleanup and prevention with a green environmental agenda should be sought. This is precisely the approach which the new SENREM Project has decided to take.

The second alternative -- working only with NGOs -- was discussed and rejected in favor of a more collaborative approach between the not-for-profit and for-profit sub-sectors and the public sector. Strengthening NGO and community capabilities in environmental analysis, reporting and monitoring is important in order to create a positive partnership between private and public sectors. As such, it is a key component of the SENREM Project (Component B). However, little is gained by creating and/or strengthening an antagonistic adversarial mechanism which does not create and expand the opportunity for dialogue and problem-solving.

The third alternative -- a balanced green-brown approach with no support to the GOP -- was studied and rejected. As pointed out by the MES "...normative reform is the ultimate cross-cutting issue, where expenditure of relatively modest amounts of highly targeted resources holds the potential for nationwide positive impacts. [Each of the seven issues] is associated with a policy and normative reform agenda. The December 1994 Summit of the Americas focuses on trade liberalization and economic integration, with normative reform essential to that focus. Work in this arena leverages Agency resources as it complements and supports the Inter-American Development Bank and World Bank policy agenda with the GOP. Normative reform is potentially the most cost-effective, high impact investment." As such, the SENREM Project will focus considerable effort on the legal, regulatory and policy framework with the CONAM and GOP sectoral ministries. Also, attention will be paid to "green" as well as "brown" issues.

The SENREM Project emphasis on "brown" issues, especially under Component C: Demonstration Projects, is the strategic manner of securing a more balanced brown-green portfolio in the medium term, as recommended by the MES. As indicated in the MES "... innovative programs in hazardous and solid waste, peri-urban sanitation and water supply, and for-profit pollution prevention and clean-up in highly targeted, heavy-polluting industry hold the potential for the highest impact per dollar spent on the daily welfare of the greatest number of poor people of any pilot or action program examined [by the MES team]. They are potentially highly cost-effective, high impact programs where the Mission can and should develop a medium-term comparative advantage. They are necessary for economic growth and market integration. They enable and provide opportunity for private investment, microenterprise

development, public-private partnerships, and leveraging of funds from other donors."

V. IMPLEMENTATION PLAN

A. Implementation Arrangements

USAID/Peru will sign a USAID Handbook 3 Project Grant Agreement with the GOP Ministry of Foreign Affairs and the Office of the President of the Council of Ministers. The Agreement will be incrementally funded to the estimated LOP USAID contribution of $11.885 million. The Agreement will also establish Peru's counterpart commitments under the Project which will include $1.741 million from GOP resources, which represents 25 percent of the project cost, exclusive of the NGO/PVO components of the project. Coordinating and monitoring responsibilities will be assigned to the CONAM, which will be the main GOP liaison office with the Mission.

The Project Agreement (ProAg) will authorize the Mission to: 1) award a contract to a U.S. institution to provide necessary off-shore technical assistance to the Project; 2) to contract a local Private Sector Coordinator for the purpose of implementing and monitoring Components B and C; and, 3) establish a small but effective management unit within USAID/Peru to facilitate monitoring and implementation of all Project activities. An organizational diagram found on Page 42 outlines the general relationships which will be in place during project implementation. All USAID direct procurements will be done in close consultation with the CONAM.

USAID management responsibility for the SENREM Project will be placed within the Office of Rural Development (ORD). The Project Manager will be the Mission Environmental Officer, who reports directly to the Chief of the Private Enterprise and Natural Resources Division (PENRD). The Chief or PENRD and the Project Manager will be the principal contacts with the CONAM and other implementing units and will be the liaison with other donor and USAID-sponsored activities in related areas. Several mechanisms will be key in the successful implementation of the overall Project and are described as follows.

1. CONAM Implementation Unit. The implementing agency and main recipient of technical assistance under the Project is the CONAM. A Project Implementation Unit will be created within the CONAM which will consist of the following four employees: an ENR specialist as unit chief, a legal advisor, an administrative assistant, and an accountant. This unit will coordinate the technical assistance provided by the Technical Assistance Advisor (TAP) as well as being responsible for the implementation of Project Component A and the Clean Production Program of Component B. Additionally, the CONAM will participate in various aspects of the other activities outlined in Components B and C, and will be responsible for the management of the Project's Monitoring Information System. The CONAM will sign Letters of Understanding (LOUs) with participating GOP sector ministries involved in implementing various aspects of Component A.

2. Technical Assistance Provider. A U.S. institution will be selected, through contracting arrangements provided for under USAID regulations, to provide off-shore short and long-term technical assistance for all Project activities during the life of project. Several qualified U.S. institutions exist and will be considered for this contract, examples of which include the World Resources Institute, which successfully fulfilled similar roles in Chile and Bolivia, and the Environmental Law Institute, which has provided legal assistance to numerous Latin American countries. Obviously, a number of qualified for-profit consulting groups could also be considered.

The TAP will provide a long-term specialist in environmental policies/regulations for 24 months to be located in the CONAM to provide day-to-day technical guidance to its Council and the Executive Secretariat, as well as to the GOP sector ministries, in environmental policies/regulations, in the preparation of the National Environmental Action Plan (NEAP), and in undertaking specialized studies related to environment and natural resources (ENR). This assistance will be complemented by approximately 5 person-months annually of short-term technical assistance, principally from the U.S., on specific tasks/studies identified jointly by the CONAM, its implementation unit, USAID/Peru, and private sector organizations. This technical assistance will be made available across all Project activities. The TAP will also be responsible for all Project off-shore purchases and will provide technical assistance in the development of a Project information system which will report on Project impacts. This information system will be administered by the CONAM implementation unit in close coordination with the Mission Management Unit.

3. Mission Project Management Unit (PMU). To facilitate effective Project oversight, processing of documentation and information, and timely implementation and reporting on a day-to-day basis, the Project will fund a Project Coordinator and a program assistant/secretary to carry out these responsibilities. They will be located in the PENRD of Office of Rural Development under the day-to-day supervision of the Project Manager. Additionally, the PMU will be responsible for the management of the five EIA activities, with guidance and assistance to be provided by the CONAM.

4. Private Sector Coordinator (PS). USAID/Peru, in coordination with CONAM, will competitively select a preferably local NGO, private firm, or a consortium, with experience in environmental and natural resource project management and consensus-building and outreach capabilities, as the implementor of four elements of Project Component B and the new demonstration projects of Component C. This entity, also referred to as the Private Sector Coordinator, will be responsible for coordinating and/or conducting the Analysis and Outreach; State of the Environment Report; Industry Seminars; and Community Environmental Monitoring elements of Project Component B, through local NGOs, which will perform as contractors or sub-grantees. Additionally, the Private Sector Coordinator will be responsible for the implementation of the approximately 10 to 12 pilot demonstration projects under Project Component C. Each of these demonstration projects will involve separate sub-grants or contracts to Peruvian not-for-profit sub-sector implementors which will submit proposals in response to Requests for Applications from the Project. The Private Sector Coordinator will prepare, sign,

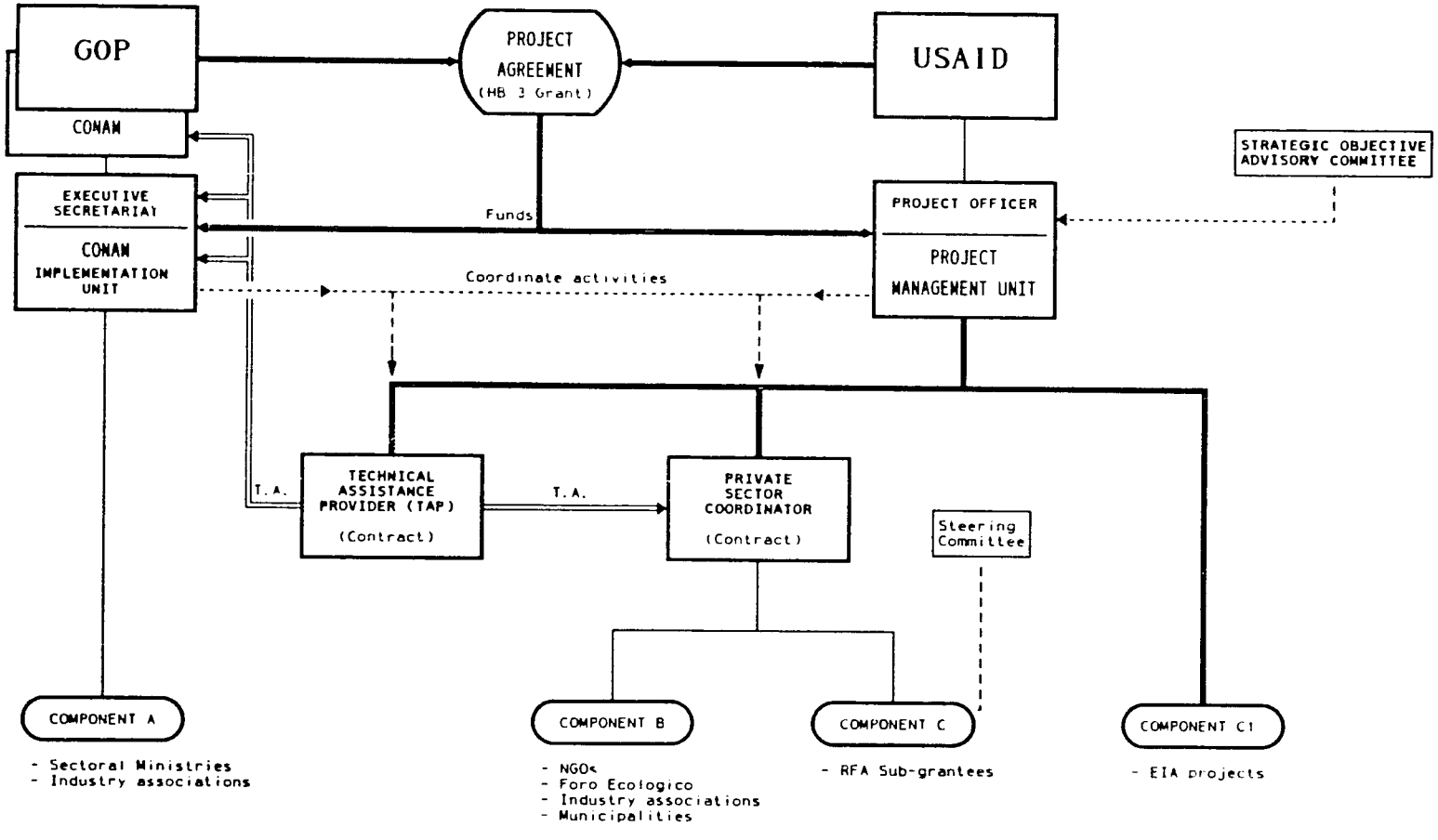
and monitor and evaluate sub-agreements with the organizations mentioned above, as well as report on progress and achievements to CONAM and the USAID project management unit. All sub-agreements will require sub-grantees or recipients to monitor, evaluate, and report periodically on the results that their activities are achieving.

Should local procurement be required for the Private Sector Coordinator contract, an appropriate waiver will be prepared based on the criteria outlined in Chapter 18 of Handbook 1B. Mission Director approval will also be required to authorize the Private Sector Coordinator to award grants for demonstration projects under its contract with USAID. Prior to approval of this "grant under contract" mechanism, the Mission will be required to solicit comments from the Office of Procurement in USAID/W. Although burdensome and not in the best interests of the Mission given staffing constraints, the option of direct USAID awards for demonstration projects, with monitoring by the Private Sector Coordinator, could be pursued if approval cannot be obtained.

5. Steering Committee for Demonstration Projects. A committee to review proposals and recommend selection of demonstration projects and to participate in periodic reviews of progress will be established jointly by the CONAM and USAID and will serve on a *pro bono* basis. It will consist of representatives of the following institutions: USAID/Peru, the CONAM, the Private Sector Coordinator, and other bilateral and multilateral donors, as appropriate. The inclusion of these other donors will facilitate the leveraging of future resources.

6. Advisory Committee. As part of USAID's effort toward developing a broad consensus in environmental matters, a permanent advisory committee will be created for the review and implementation of USAID's environment strategic objective. It will be composed of representatives of the CONAM, GOP sector ministries, NGOs, private industry, and other bilateral and multilateral donors such as the World Bank (WB) and the Inter-American Development Bank (IDB).

SENREM PROJECT
ORGANIZATIONAL CHART



NOTE:

Strategic Objective Advisory Committee members:
USAID
CONAM
GOP ministries
NGOs
Private sector
Other donors

Steering Committee members:
USAID
PS Coordinator
CONAM
Other donors

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B. Procurement Plan

USAID/Peru will acquire services and equipment through a variety of mechanisms. After the Project Agreement is signed in FY 95, USAID will prepare and issue a Request for Proposals (RFP) in the first quarter of FY 96 to enter into a contractual relationship with a Technical Assistance Provider (TAP). The estimated amount of the contract will be $1.7 million for goods and services provided consequent to this entity's function as facilitator of off-shore technical expertise and in its capacity to provide technical assistance for all of the training activities under the entire Project. Commodities which will be financed under the TAP contract include office equipment (facsimile machine, photocopier, and computers, software, and printers), office furniture, and one project vehicle. The estimated starting date for procuring services will be March 1996.

The CONAM (the grantee) will undertake host-country contracting to staff its implementation unit as well as to procure goods and services under the project (i.e., seminars, training visits, international speakers, etc.) and for the operation of the Clean Production Revolving Fund. USAID will contract the services of two program-funded FSN professionals to staff its Project Management Unit during the life of project. Embassy approval will be required to authorize the hiring of the Project Coordinator and the Project Assistant/Secretary. A contract will be signed in the amount of $5.777 million with the Private Sector Coordinator (PS) to provide required services directly or to grant or sub-contract for these services from other entities outlined under Components B and C. Special approval from the USAID/Peru Mission Director will be required to authorize the PS to award grants under contract for demonstration projects under its contract with USAID, as discussed in the "Implementation Arrangements" section. USAID will prepare and issue a Request for Proposals (RFP) in the first quarter of FY 96 to enter into a contract with the Private Sector Coordinator.

Within Component C, the Environmental Initiative for the Americas projects will be administered directly by USAID through the use of separate contracts, grants, cooperative agreements, or other mechanisms as is specified in the documentation accompanying each specific project.

C. Implementation Actions and Schedule

The following table shows the major actions that will be carried out during the first twelve months of the Project. These actions will be refined during the early stages of Project implementation and periodically during the annual workplan preparation process.

Activity	Quarter
Overall Project Management	
1. Sign Project Agreement	4/95
2. USAID issues basic PIL	1/96
3. USAID issues RFP for Technical Assistance Provider	1/96
4. USAID issues RFP for Private Sector Coordinator	1/96
5. USAID contracts Project Management Unit	1/96
6. Contract signed with Private Sector Coordinator	1/96
7. Contract signed with Technical Assistance Provider	2/96
8. Technical Assistance Provider installed in Peru	2/96
Legal, Regulatory and Policy Framework Component	
1. CONAM Implementation Unit established	1/96
2. CONAM clarifies role, sets priorities for itself	1/96
3. CONAM initiates development of National Environmental Action Plan	2/96
4. Environmental training seminars initiated	2/96
5. Environmental Information activities initiated	3/96
Private Sector Advocacy Component	
1. Foro Ecológico supported	2/96
2. Private organizations selected for undertaking policy analysis and outreach	2/96
3. Policy analysis and outreach plans prepared	2/96
4. Local organization contracted for State of Environment Report	3/96
5. Clean Production Program initiated	3/96
6. Municipal and Community Monitoring starts	3/96
7. First State of Environment Report prepared	1/97
Demonstration Projects Component	
1. Steering Committee established	2/96
2. First round of projects reviewed and selected	3/96

D. Information, Monitoring and Evaluation Plan

Per USAID Evaluation Handbook, Sections 1 and 3.2, an Information, Monitoring and Evaluation Plan is incorporated as an integral part of this Project Paper. This Plan is tied to the Logical Framework presented in Annex A.

1. Implementation Arrangements for the Monitoring and Evaluation Plan

A monitoring and evaluation team will be established to ensure that the implementation arrangements of the information, monitoring and evaluation plan are met. The team will consist of the USAID Project Coordinator from the Project Management Unit (PMU), the USAID Environmental Officer, the USAID Evaluation Officer, key personnel from the CONAM, the Private Sector Coordinator (PS), and the Technical Assistance Provider (TAP). Implementation arrangements will include:

- Establishment of the monitoring responsibility within the CONAM's Implementation Unit. This unit will work with the TAP who has responsibility for providing technical assistance in the development of the Project monitoring information system. CONAM will collect, analyze and compile data submitted by the TAP, the PS, and the EIA implementors to produce monthly, quarterly, and semi-annual reports to be forwarded to the PMU. The PMU will also prepare annual reports to summarize progress and analyze problem areas. The Mission will use the information provided in these reports for internal reviews and reports to USAID/W on project performance.

- The inclusion of reporting requirements and budget for monitoring in the contract with the TAP, the contract with the PS, agreements with EIA implementors, and the project agreement with CONAM. Implementing agencies will report on the identified indicators mentioned below, at least on a quarterly basis, and their progress toward the Project purpose.

- The establishment of an effective communication system between the PMU and the CONAM which is the principal implementor to facilitate routine monitoring.

2. Establishment of a Management Information System (MIS)

The Implementation Unit established in CONAM will be the repository of Project performance data that will be used to monitor and evaluate Project performance. The TAP will be responsible for developing and installing the MIS. CONAM's Implementation Unit will be responsible for administration of this MIS in coordination with the PMU and with technical assistance being supplied by the TAP. CONAM and the PMU will work with Project component implementing agencies such as contractors, NGOs, GOP entities, local governments and communities to develop relevant baseline data and data collection systems.

It is anticipated that CONAM will produce data on an on-going basis that will be

regularly provided to Project implementors and to the Mission Project Manager.

As part of the process of creating the Project MIS, the following major tasks will be performed:

- Baseline studies for each of the areas that will be addressed by the Project. These baseline data sets were, in part, developed during the preparation of the Mission Environmental Strategy. These baselines will have to be further analyzed by Project experts to update, or develop new ones in order to establish specific benchmarks for the above indicators at the initiation of the Project.

- Establishment of procedures for periodic data collection for the activities. The PMU and CONAM will ensure that implementing agencies collect, tabulate, and evaluate indicator data against the appropriate baseline data sets and the targets established in the implementation plan. The implementation plan will be updated every six months at which time targets will be refined.

- Procedures for periodic data collection for the demonstration projects (i.e., production levels, costs, and profitability by technological levels of production).

- Establishment of an information reporting system to facilitate routine monitoring. The system will produce monthly, quarterly, and semi-annual reports prepared by CONAM, which will also compile information gathered by the TAP and private sector entities directly involved in the implementation of the Project. These reports will provide the PMU with basic information for USAID's monitoring of the Project performance.

3. Project Activity Indicators

PROJECT PURPOSE: *To increase the capacity of public and private institutions to identify and resolve environmental and natural resource problems.*

Indicators:

- Percentage of public that perceive key public and private sector institutions are addressing effectively the major environmental problems in Peru. (Key public institutions include: CONAM, Ministries of Fisheries, Agriculture, Mining, Health; private institutions will include those the Project intend to strengthen).
- An approved National Environmental Action Plan that has widespread public and private consensus.
- At least 80% of environmental policies and legislation improved coherently with civil society participation.
- Percentage of government and private sector actors that perceive the existence of at least four independent organizations as objective sources of cutting edge analyses, recommendations for policy reform, and sources of environmental information and expertise.

- Percentage of environment related sectors (media, private sector organizations, opinion leaders) that perceive the State of the Environment Report as a reliable source of information.
- Proportion of targeted private sector organizations that recognize the availability of cost-effective and appropriate technologies for mitigating their environmental problems.
- Proportion of targeted for-profit organizations adopting pollution auditing practices.
- Proportion of target communities using environmental monitoring assessments.

A survey will be carried out early during the Project implementation process to develop a baseline and realistic targets to be attained as a result of the Project. The PMU will coordinate with the implementing agencies the design and implementation of the survey. The survey will be repeated every year to determine changes in perceptions.

Result No. 1: *Strengthen the environmental policy-making and implementation capacity of government institutions, especially the CONAM.*

Indicators:

- The extent to which the CONAM has become operational and effective, as measured by its completion of specific priorities established in its own plan of action. An initial set of markers for this indicator would include the following:

  (1) Development of a workplan for the CONAM;
  (2) Passage of the *reglamento* for operation of the CONAM;
  (3) Establishment of the Multisectoral Standards Committee and procedures for its operation;
  (4) Establishment of the Consultative Committee and procedures for its operations;
  (5) Establishment of a process for inter-ministerial coordination;
  (6) Development of a National Environmental Action Plan;
  (7) Establishment of a procedure for resolving administrative disputes under the authority vested in the CONAM under Article 4(h) of Ley 26410 (creating the CONAM);
  (8) Establishment of general criteria for evaluation of environmental impact assessments;
  (9) Development of a methodology for the valuation of the natural patrimony of the nation [Article 4(n)]; and
  (10) Issuance of an annual review of the state of the country's environment [Article 4(n)].

- The proportion of environmental professionals (gender disaggregated by entity) that have received specialized training in the following areas:
  - Managing multi-stakeholder or public participation processes;
  - Strategic planning and capacity building;
  - Implementing environmental impact assessment requirements;
  - Managing environmental information;

- Introduction to environmental law and policy making;
- Pollution prevention auditing methodologies;
- Cleaner production concepts and principles.
- Environmental investigations and enforcement;
- Environmental monitoring and data collection methodologies.

- Number of judges and prosecutors (m/f) trained in basic environmental issues.
- Number of Congress legislators trained in basic environmental issues.

Monitoring the last three indicators will involve a simple questionnaire completed at the end of each seminar.

Result No. 2: *Improve Peru's environmental laws and policy framework.*

Indicators:

- Proportion of identified overlapping or contradictory environmental laws and policies eliminated by CONAM (e.g., the overlapping jurisdiction between municipalities and the Ministry of Industry, environmental standards).
- Proportion of critical gaps in environmental law or policies closed by CONAM (e.g., a policy or law for solid or hazardous waste management; a policy for public access to environmental information; for uniform, national protocols for environmental impact assessment; annual pollution reporting requirements, requirements and protocols for annual pollution prevention audits).

The CONAM will monitor these indicators. This will entail annually evaluating the number of major overlaps, contradictions or gaps in Peru's ENR laws and policies that are eliminated. This will require the establishment of a baseline list of major overlaps, contradictions or gaps that currently exist.

Result No. 3: *Provide reliable environmental information that meets the decision-making needs of all sectors involved in environmental policy making.*

Indicators:

- Proportion of environmental information covered by the GOP's State of Environment Report .
- Proportion of covered businesses included in the Report.
- Number of report cards on environmental performance included in the independent state of the environment reports.
- Number and type of studies of current innovative practices used by Peruvian industry to eliminate the creation of pollutants, to recycle or reuse pollutants internally, or to recover pollutants through secondary treatment for sale to other industries carried out by CONAM's Clean Production Center.
- Number and type of studies disseminated (including the Lima Comparative Risk Assessment study).

- Cleaner production library and Clearinghouse established in a GOP institution.

The first indicator will entail the identification of information needs at the beginning of the Project. For evaluation purposes, the number of reports or studies distributed/requested by sector and organization will be tracked to determine their usefulness.

Result No. 4: *Strengthen the private sector's capacity for consensus-building problem-solving and environmental policy dialogue.*

Indicators:

- Number and type of policy research issues carried out, discussed, widely disseminated and policy proposals developed in the areas of:
  - Environmental law and policy.
  - Valuation of natural resources and economic instruments;
  - Environmental information
  - Alternative technical solutions for environmental management.

- Proportion of environmental NGOs participating in the above.
- Number of strategic plan or vision documents developed through the sectoral workshops for industrial sectors completed (Target: 1 for each mining, petroleum and natural gas exploration, manufacturing, fisheries, and agriculture)
- Number of sustainable industries participants (by gender and industry) (Target: 60 per seminar)
- Number of participants to seminars on the principles of clean production and on conducting pollution prevention audits. (by gender, sector, industry, type of seminar)
- Number of communities trained in the used of the monitoring methodology (by organization, public, private, people benefitted by gender).

For evaluation purposes, there will be a follow-up of the policies proposed by the private sector, (e.g.either if they were discussed and accepted by the GOP). In addition, the TAP will keep records of the organizations that participate in the training. These organizations will be surveyed annually regarding whether they have implemented any specific environment monitoring, auditing or clean production practices or, in the case of consultants, whether they have begun offering pollution prevention audit services. Further information could be gathered if they begin to submit annual pollutant emission reports.

Result No. 5: *Develop and test cost-effective, financially sustainable ENR practices and technologies.*

Indicators:

- Implementation stage, and type of cost-effective technologies developed and tested.

The PMU and the PS will monitor the implementation and document the results of each EIA and new demonstration project.

4. Data Base for Demonstration Projects

Basic information describing each proposed demonstration project (DP) and the data required for monitoring and testing DPs will be developed, analyzed, and maintained by the CONAM Implementation Unit in the MIS.

As a part of the DP identification and selection process, the following data will be collected for each proposal:

- Critical problem to be addressed
- Operational sustainability level (operational costs, revenues)
- Full financial sustainability level (profit level)
- Possibilities of financial sustainability
- Use of local capacity
- Project transferability
- Population affected by the DP (urban poor, underprivileged, and in particular women)
- Economic organization of the proposed institution
- Geographic coverage of the activities
- Location of land or physical site where the activities will function and their legal ownership
- Proposing organization's institutional capacity
- Interest of other donors to implement the proposed type of DP
- Explicit and measurable results

In addition, in order to test and document the feasibility and cost-effectiveness of these demonstration projects oriented towards pollution prevention, the DP will track the following information:

- Metric Tons of effluent discharges at selected sites or facilities implementing demonstration projects.
- Amount of revenue generated above operational costs from costs savings from pollution prevention or other demonstration project activity at selected sites or facilities.
- Amount of natural resources and/or energy conserved due to increased production efficiencies gained through demonstration projects at selected sites or facilities (measure on a per unit basis).

5. External Evaluations

The Project design and the implementation plan will be refined as a result of the evaluation process. During the life of the Project, three formal, external evaluations are planned. The first evaluation will be carried out approximately 12 months from the date of the signing of the agreement with the TAP; the second, 18 months after the first evaluation. The

third and final evaluation will be conducted just prior to the PACD.

The first evaluation will assess the progress made in meeting Project implementation targets and the cumulative impact of the Project. Based on the findings of this evaluation, recommendations for changes in design and implementation procedures will be made, as appropriate, in order to increase the probability that Project investments will meet the stated purpose of the Project. In addition to issues assessed during the first evaluation, the second or mid-term evaluation will assess the Project's success in implementing the recommended modifications made during the first evaluation.

The evaluations will have five objectives, as follows:

- To assess the extent to which the Project is meeting its purpose and contributing to the goal. Based on an analysis of the indicators and assumptions underlying the Project design, the evaluation will recommend changes or modifications in Project outputs, End of Project indicators, and implementation strategies;

- To assess the extent to which the Project is consistent with USAID/Washington and USAID/Peru objectives (i.e., environmental conservation, etc.);

- To assess the effectiveness and to recommend strategies for improving Project implementation through an analysis of obstacles and bottlenecks as well as achievements in Project management and administration;

- To determine the impact of the Project to the date of the evaluation on the various performance indicators listed in the Logical Framework; and

- To determine the effectiveness of the technical assistance and training provided through the TAP, NGOs and other implementing agencies, and recommend modifications, as appropriate, on the delivery mechanisms for technical assistance, training and other Project inputs.

Funds are included in the budget to contract the services for the evaluations. The final evaluation will serve as the Project Assistance Completion Report (PACR) and will be finalized approximately around the PACD. Its purpose will be to document the Project experience and the lessons learned during its implementation.

VI. FINANCIAL PLAN AND COST ESTIMATES

A. Financial Plan

The total cost of the Project is estimated at $13.626 million, of which $11.885 million will be provided by USAID from funds appropriated for development assistance. The funding will be incremental. The first obligation in the amount of $3.786 million will be made in FY 1995. Peru's counterpart contribution of $1.741 million (soles equivalent) will be from GOP resources, which represents 25 percent of the cost of the project, exclusive of the NGO/PVO components. This amount constitutes a portion of CONAM's annual operational budget, and will be specifically used in activities complementary to those funded with Grant funds, and directed to the improvement of: Peru's environmental legal, regulatory and policy framework; private sector capabilities for environmental policy dialogue and outreach; and pollution prevention practices. This amount was arrived at by summing amounts destined for USAID ($1.126 million), CONAM ($2.397 million), and the TAP ($1.700 million) to serve as the 75 percent basis ($5.223 million), arriving a the GOP 25 percent counterpart contribution of $1.741 million. A summary Financial Plan for the Project is set forth in Table 1, and the Grant breakdown by fiscal year is provided in Table 2.

B. Methods of Implementation

Table 3 presents the estimated Grant budget by implementing entity and Table 4 outlines the planned methods of implementation and financing of the Grant. While the entire Grant will be obligated with the GOP (the CONAM), implementation as noted will encompass various types of commitments to those entities charged with specific objectives. PIL-type documents will be issued to clarify the various implementing procedures and obtain the necessary GOP clearances.

C. Disbursement Procedures

The projection of incremental funding and related expenditures are presented in Table 5. Table 6 presents projected costs by funding source in foreign exchange and local currency requirements.

1. Methods of Financing Foreign Exchange Costs

The majority of foreign exchange costs projected under the Grant are related to technical assistance which may ultimately be provided by agreement with a U.S.-based entity. The preferred method of financing is by letter of credit. The cost estimates (Table 7) are based upon a for-profit institution. If the institution is not-for-profit, the indirect cost rates will change and there will be no fee. The method of financing is unaffected.

Foreign exchange costs will also include the projected buy-in and the PASA for EIA activities. These costs, however, are not material when compared to the total Grant level.

2. Methods of Financing Local Currency Costs

The majority of Grant funds will be expended by the CONAM and Peruvian non-governmental organizations. These financing costs will be by advances of funds and subsequent liquidations, whose detailed procedures will be transmitted to all implementors through the PIL procedure.

D. Recurrent Costs and Other Financial Issues

Recurrent costs are those incremental expenditures associated with activities that must be made on a regular basis during the Project to achieve the objectives. As the Project does not contemplate institutional development and has a discrete and identifiable goal and purpose, there are no recurrent costs beyond the life-of-project.

E. Audits and Financial Reviews

Audits and Financial Reviews will serve as companion efforts in this Project. Audits will be financed by the Grant and Financial Reviews will be provided through the USAID/Peru Office of the Controller. The first Financial Review will be at the inception to assure full understanding and compatibility of financial and reporting needs of the GOP and the Mission. Subsequent interventions will be made after each audit to assist in the resolution of any problems that they reveal.

Audits will be performed annually and contracted by the implementing entities based upon scopes of work provided by the USAID/Peru Office of the Controller. The audit of the CONAM funding will be performed by the Controller General of Peru. The audit of Peruvian non-governmental organizations will be performed by accredited Peruvian audit firms. These audits will be annual and will be institutional as well as for the USAID funding, provided that annual funding exceeds $250,000. Funding levels that exceed $100,000, but under $250,000, will not require audit at the institutional level.

USAID/Peru-managed funds will not be subject to external audit. The funding provided to the PASA and the buy-in for EIA activities have no USAID/Peru audit implications.

Counterpart funds at all levels will be subject to verification by the auditors. At the first Financial Review each participating entity will be given detailed assistance on how to value and record counterpart contributions.

Table 1

ILLUSTRATIVE PROJECT FINANCIAL PLAN:
by Project Components and Sources of Funding
($000)

Program Costs	OBLIGATION FY 1995 USAID Grant FX	LC	Total	GOP	LIFE OF PROJECT USAID Grant FX	LC	Total	GOP	TOTAL PROJECT
COMPONENT A									
Legal, Regulatory and Policy Framework									
1 T A. to CONAM and Ministries	800		800		1,700		1700		
2 Environmental Training		120	120			406	406		
3 Environmental Information		80	80			325	325		
4. Implementation Unit at CONAM		300	300			830	830		
5 Audits		20	20			50	50		
Total Component A	800	520	1,320		1,700	1,611	3,311	1,250	4,561
COMPONENT B									
Private Sector Advocacy									
1. Sector Analysis & Outreach									
1 a Policy Research		120	120			300	300		
1 b. Ecological Forum		120	120			559	559		
2 State of the Env. Report		80	80			200	200		
3 Industry Seminars		50	50			90	90		
4 Clean Production Program		200	200			786	786		
5 Municip & Community Monitoring		60	60			288	288		
Total Component B	0	630	630		0	2,223	2,223	491	2,714
COMPONENT C									
Demonstration Projects									
1 EIA Projects	400	710	1110		400	710	1110		
2 New Demonstration Projects									
2 a Demonstration Projects (DP)		125	125			3,075	3,075		
2 b DP's Environmental Assesments		51	51			150	150		
Total Component C	400	886	1,286		400	3,935	4,335		4,335
Private Sector Coordinator (PS)									
Mangement Costs									
1 NGO's Administration		200	200			710	710		
2. Monitoring		20	20			50	50		
3. Audits		30	30			130	130		
Total PS Management Costs	0	250	250		0	890	890		890
Total Program Costs	1,200	2,286	3,486		2,100	8,659	10759	1,741	12,500
PROJECT MANAGEMENT									
1 USAID Management Unit		250	250			450	450		
2. Monitoring		50	50			90	90		
3. Evaluations			0			360	360		
Total Project Management	0	300	300		0	900	900		900
Contingencies	0	0	0		0	226	226		226
TOTAL PROJECT COSTS	**1,200**	**2,586**	**3,786**	**0**	**2,100**	**9,785**	**11,885**	**1,741**	**13,626**

Table 2

PROJECTED GRANT EXPENDITURES PER FISCAL YEAR
($000)

Program Costs	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
COMPONENT A						
Legal, Regulatory and Policy Framework						
1. T.A. to CONAM and Ministries	587	500	270	185	158	1,700
2. Environmental Training	97	97	92	69	51	406
3. Environmental Information	75	75	100	50	25	325
4. Implementation Unit at CONAM	174	164	164	164	164	830
5. Audits	10	10	10	10	10	50
Total Component A	**943**	**846**	**636**	**478**	**408**	**3,311**
COMPONENT B						
Private Sector Advocacy						
1. Sector Analysis & Outreach						
1.a. Policy Research	120	180				300
1.b. Ecological Forum	130	118	118	118	75	559
2. State of the Env. Report	80	55	35	30		200
3. Industry Seminars	18	18	18	18	18	90
4. Clean Production Program	260	240	140	92	54	786
5. Municip. & Community Monitoring	96	96	96			288
Total Component B	**704**	**707**	**407**	**258**	**147**	**2,223**
COMPONENT C						
Demonstration Projects						
1. EIA Projects	825	285				1,110
2. New Demonstration Projects						
2.a. Demonstration Projects (DP)	215	740	740	690	690	3,075
2.b. DP's Environmental Assesments	50	50	50			150
Total Component C	**1,090**	**1,075**	**790**	**690**	**690**	**4,335**
Private Sector Coordinator (PS) Management Costs						
1. NGO's Administration	150	140	140	140	140	710
2. Monitoring	15	10	10	10	5	50
3. Audits	30	30	30	20	20	130
Total PS Management Costs	**195**	**180**	**180**	**170**	**165**	**890**
Total Program Costs	2,932	2,808	2,013	1,596	1,410	10,759
PROJECT MANAGEMENT						
1. USAID Management Unit	90	90	90	90	90	450
2. Monitoring	20	20	20	15	15	90
3. Evaluations			180		180	360
Total Project Management	**110**	**110**	**290**	**105**	**285**	**900**
Contingencies	45	45	45	45	46	226
TOTAL GRANT COSTS	**3,087**	**2,963**	**2,348**	**1,746**	**1,741**	**11,885**

ESTIMATED GRANT BUDGET BY IMPLEMENTING ENTITY
($ 000)

Table 3

Program Costs	USAID	CONAM	PS	IC	EIA	TOTAL
COMPONENT A						
Legal, Regulatory and Policy Framework						
1 T.A. to CONAM and Ministries				1,700		1,700
2 Environmental Training		406				406
3 Environmental Information		325				325
4 Implementation Unit at CONAM		830				830
5 Audits		50				50
Total Component A		1,611		1,700		3,311
COMPONENT B						
Private Sector Advocacy						
1. Sector Analysis & Outreach						
1 a. Policy Research			300			300
1 b Ecological Forum			559			559
2 State of the Env Report			200			200
3. Industry Seminars			90			90
4. Clean Production Program		786				786
5. Municip. & Community Monitoring			288			288
Total Component B		786	1,437			2,223
COMPONENT C						
Demonstration Projects						
1 EIA Projects					1,110	1,110
2 New Demonstration Projects						
2 a Demonstration Projects (DP)			3,075			3,075
2 b DP's Environmental Assesments			150			150
Total Component C			3,225		1,110	4,335
Private Sector Coordinator (PS) Management Costs						
1 PS's Administration			710			710
2. Monitoring			50			50
3. Audits			130			130
Total PS Management Costs			890			890
Total Program Costs		2,397	5,552	1,700	1,110	10,759
PROJECT MANAGEMENT						
1. USAID Management Unit	450					450
2. Monitoring	90					90
3. Evaluations	360					360
Total Project Management	900					900
Contingencies	226					226
TOTAL GRANT COSTS	**1,126**	**2,397**	**5,552**	**1,700**	**1,110**	**11,885**

Table 4

METHOD OF IMPLEMENTATION BY TYPES OF ASSISTANCE AND FINANCING METHOD
($000)

Inputs	Method of Implementation	Method of Financing	Estimated Amount
Program Costs			
CONAM	PILs/Mission Director	Advance/Liquidation	2,397
Private Sector Coordinator	Contract/RCO (Pio/T)	Advance/Liquidation	5,552
Technical Assistance Provider	Contract/RCO (Pio/T)	Advance/Liquidation	1,700
EIA Projects :			
1. Comparative Risk Assessment	Buy-In (Pio/T)	Direct Payment	300
2. Bureau of Mines	Pasa (Pio/T)	Advice of Charge	100
3. Alternativa S.A.	Grant (Pio/T)	Advance/Liquidation	385
4. Sociedad Nac. Mineria y Petroleo	Contract or Cooperative Agreement (PIO/T)	Advance/Liquidation	125
5. Paracas NGO	Cooperative Agreement (Pio/T)	Advance/Liquidation	200
Total Program Costs			10,759
Project Management Costs			
USAID Monitoring/Coordination	PSCs (Pio/T)	Direct Payment	450
Monitoring	Contract (Pio/T)	Direct Payment	90
Evaluations	Contract (Pio/T)	Direct Payment	360
Total Management Costs			900
Contingencies			226
Total Dollar Grant Costs			11,885

Table 5

PROJECTED OBLIGATIONS AND EXPENDITURES OF PROJECT FUNDS
By Fiscal Year
(US$ 000)

U.S. Fiscal Year (FY)	FY-1995	FY-1996	FY-1997	FY-1998	FY-1999	FY-2000	TOTAL
Project Year (PY)		Py 1	Py 2	Py 3	Py 4	Py 5	
USAID funds							
1. Start of year Balance		3,786	5,199	4,736	3,487	1,741	
2. Obligations	3,786	4,500	2,500	1,099			11,885
3. Expenditures		(3,087)	(2,963)	(2,348)	(1,746)	(1,741)	(11,885)
4. End of year Balance	3,786	5,199	4,736	3,487	1,741		
Counterpart							
1. Expenditures		341	350	350	350	350	1,741

Table 6

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

Funding Source	FX	%	LC	%	Total	%
USAID	2,100	18	9,785	82	11,885	100
COUNTERPART			1,741	100	1,741	100
TOTAL Costs	2,100	15	11,526	85	13,626	100

ESTIMATED BUDGET FOR TECHNICAL ASSISTANCE

Table 7

ITEM	YEAR 1			YEAR 2			YEAR 3			YEAR 4			YEAR 5			TOTAL
	Unit	Cost	Total	Unit	Cost	Total	Unit	Cost	Total	Unit	Cost	Total	Unit	Cost	Total	
I SALARIES																
Chief of Party	260	340	88,400	260	340	88,400			0			0			0	176,800
Central Office																
Project Officer	36	300	10,800	36	300	10,800	54	300	16,200	36	300	10,800	36	300	10,800	59,400
Financ Adm. Officer	24	300	7,200	24	300	7,200	36	300	10,800	24	300	7,200	24	300	7,200	39,600
Salaries total			**106,400**			**106,400**			**27,000**			**18,000**			**18,000**	**275,800**
II BENEFITS																
Central Office Support		24%	4,320		24%	4,320		24%	6,480		24%	4,320		24%	4,320	23,760
Health Insurance			600			600										1,200
Life Insurance			600			600										1,200
Social security		12%	10,608		12%	10,608			0			0			0	21,216
DBA			8,300			8,300										16,600
MEDEX			170			170										340
Benefits total			**24,598**			**24,598**			**6,480**			**4,320**			**4,320**	**64,316**
III SHORT TERM TA																
Consultants Fees	144	340	**48,960**	144	340	**48,960**	144	340	**48,960**	96	340	**32,640**	72	340	**24,480**	**204,000**
IV ALLOWANCES (C. of P.)																
Post Differential		20%	17,680		20%	17,680										
Temp Liv. Quarters Allw			8,000													
Housing &Utilities			20,130			20,130										
R&R Home Leave			2,500			2,500										
Education Allowance			6,000			5,920										
Storage			2,700													
Furniture			15,000													
Shipping Personal Effects			3,000													
R.V.P			2,000			2,000										
Allowances Total			**77,010**			**48,230**						**0**			**0**	**125,240**
V GENERAL ADMINISTRATION																
Communications	12	500	6,000	12	500	6,000	12	400	4,800	12	300	3,600	12	300	3,600	24,000
Printing	12	100	1,200	12	100	1,200	12	100	1,200	12	100	1,200	12	100	1,200	6,000
Utilities	12	150	1,800	12	150	1,800	12	100	1,200	12	75	900	12	75	900	6,600
Casualty Insurance	1	1500	1,500	1	1500	1,500	1	400	400	1	500	500	1	500	500	4,400
Office maintenance	12	150	1,800	12	150	1,800	12	100	1,200	12	75	900	12	75	900	6,600
Expendable Officesupplies	12	150	1,800	12	150	1,800	12	100	1,200	12	75	900	12	75	900	6,600
Custom agency costs			5,000													5,000
Freight &Ins. eqp			8,000													8,000
Vehicle operation			10,576			10,000			10,000							30,576
General Administration Total			**37,676**			**24,100**			**20,000**			**8,000**			**8,000**	**97,776**
VI TRAVEL EXPENSES																
Int. Travel CoP	1	1200	1,200	1	1200	1,200	1	1200	1,200							3,600
PerDiem	7	143	1,000	7	143	1,000	7	143	1,000	5	143	700	5	140	700	4,400
Incidentals			100			100			100							300
Int. Travel Consultants	14	1200	16,800	14	1200	16,800	14	1200	16,800	10	1200	12,000	7	1200	8,400	70,800
PerDiem Comsultants	168	211	35,448	168	211	35,448	168	211	35,448	112	211	23,600	84	211	17,724	147,668
IncidentalsConsultants			1,500			1,500			1,500			1,100			1,200	6,800
Sub total Int. travel			**56,048**			**56,048**			**56,048**			**37,400**			**28,024**	**233,568**
In-country travel. air fare	12	150	1,800	12	150	1,800	12	150	1,800	8	150	1,200	6	150	900	7,500
Perdiem	30	140	4,200	30	140	4,200	30	140	4,200	20	140	2,800	15	140	2,100	17,500
Sub total in country travel			**6,000**			**6,000**			**6,000**			**4,000**			**3,000**	**25,000**
VII EQUIPMENT AND SUPPLIES																
Fax Machine	1	2500	2,500													2,500
Photocopier	1	3000	3,000													3,000
Computer Systems	2	3000	6,000													6,000
Lasser Printer	1	3000	3,000													3,000
Software			2,000													2,000
Office Furniture			3,000													3,000
Vehicle	1	25000	25,000													25,000
Total Equipment & Supplies			**44,500**			**0**			**0**			**0**			**0**	**44,500**
TOTAL I to VII			**401,192**			**314,336**			**164,488**			**104,360**			**85,824**	**1,070,200**
VIII OVERHEAD (*)																
100% of Salaries &Fees			**155,380**			**155,380**			**75,960**			**50,640**			**42,480**	**479,800**
IX FIXED FEE (*)			**30,000**			**30,000**			**30,000**			**30,000**			**30,000**	**150,000**
GRAND TOTAL			**586,552**			**499,696**			**270,448**			**185,000**			**158,304**	**1,700,000**

(*) Provision for Contract. In case of Cooperative Agreement items will change to Indirect Costs

SENREM
(527-0368)

A N N E X E S

STRATEGIC OBJECTIVE TREE

STRATEGIC OBJECTIVE No.5
IMPROVED CONSERVATION AND USE OF NATURAL RESOURCE BASE

PROGRAM OUTCOME 5.1
Improved Regulatory Framework for Environment and Natural Resource Base

Supporting Projects:

SENREM
Centrally Funded Projects
Title III
PAPI
LGD
AD
PARDEM

PROGRAM OUTCOME 5.2
Adoption of Improved Environmental Practices in Targeted Urban and Industrial Locations

Supporting Projects:

SENREM
Centrally Funded Projects

PROGRAM OUTCOME 5.3
Improved Management of Natural Habitats

Supporting Projects:

ENRS
Centrally Funded Projects

PROGRAM OUTCOME 5.4
Increased Adoption of Sustainable Use Practices in Fragile Ecosystems

Supporting Projects:

IPM
Title II
AD
MSP
LGD
PVO Support
SDAF

ANNEX "A"
Strategic Objective
Tree and Logical Framework

LOGICAL FRAMEWORK
Sustainable Environmental and Natural Resources Management (SENREM) Project
(No. 527-0368)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Goal: To Improve Conservation and Use of Natural Resource Base	- Proportion of natural forests under sustainable management systems. - Percent of hectares in watersheds with appropriate management practices. - Levels of pollution in targeted urban and industrial locations.	National Environmental Reports USAID special studies. Evaluation reports	GOP and Peruvians consider environmental concerns as important national policy issues. Enabling framework in place. Macroeconomic conditions continue improving. Other donors provide planned funding.
Purpose: To increase the capacity of public and private institutions to identify and resolve environmental and natural resource problems.	**End of Project Status (EOPs):** - % of public that perceive key public (CONAM, MEM, MoF, MoH, MoA, INRENA, MITINCI, MoTH) and private institutions are addressing effectively the major environmental problems in Peru. - A national environmental authority (CONAM) effectively coordinating and rationalizing Peru's environmental policies. - An approved National Environmental Action Plan that has widespread public and private consensus. - At least 80% of environmental policies and legislation improved coherently with civil society participation. - % of government and private sector actors that perceive the existence of at least four independent organizations as objective sources of cutting edge analyses, recommendations for policy reform, and sources of environmental information and expertise. - % of environment related sectors (media, private sector organizations, opinion leaders) that perceive the State of the Environment Report as a reliable source of information. - % of private sector organizations that recognize the availability of cost-effective and appropriate technologies for mitigating their environmental problems. - Proportion of targeted for-profit organizations adopting pollution auditing practices. - Proportion of target communities using environmental monitoring assessments.	National Environmental Reports USAID special studies. Surveys Evaluation reports IC reports Project Monitoring Unit (MU) reports Sample surveys. SPDA records CUANTO records CONAM records	GOP maintains and elevates environmental concerns as important national policy issues. CONAM will have the legal authority and support to oversee other GOP Ministries. Other donors provide planned funding.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Outputs: Component A: Legal , regulatory and policy framework **1. Environmental policy making and implementation capacity of government institutions, especially the CONAM, strengthened.** 1.1 CONAM operational and effective.	**Magnitude of Outputs** - CONAM meets following benchmarks: - CONAM's workplan approved. - CONAM's operational regulation approved. - Establishment of the Multisectoral Standards Committee and procedures for its operation. - Establishment of the Consultative Committee and procedures for its operations. - Establishment of a process for Inter-Ministerial Coordination. - Development of a National Environmental Action Plan (NEAP); - Establishment of a procedure for resolving administrative disputes under the authority vested in the CONAM under Article 4(h) of Law 26410 (creating the CONAM); - Establishment of general criteria for the elaboration of environmental impact assessments. - Development of a methodology for the valuation of the natural patrimony of the nation (Article 4(n). - Issuance of the annual review of the state of the country's environment (Article 4(n)).	- CONAM administrative records. - IC reports. - Evaluation reports.	USAID funds are provided in a timely fashion as planned. Executive Secretariat of CONAM is in place. IDB and UNDP provides timely financial support to CONAM as planned.
1.2 **Technical capacity of GOP environmental staff built.**	- Proportion of GOP environmental staff (male/female) trained in: - Managing multi-stakeholder or public participation processes; - Strategic planning and capacity building; - Implementing environmental impact assessment requirements; - Managing environmental information; - Introduction to environmental law and policy making; - Pollution prevention auditing methodologies; - Cleaner production concepts and principles. - Environmental investigations and enforcement; - Environmental monitoring and data collection methodologies. - Number of judges and prosecutors (m/f) trained in basic environmental issues. - Number of Congress legislators trained in basic environmental issues.	- Evaluation Reports - IC reports - Project Monitoring Unit (MU) reports - CONAM records	

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
2. Peru's environmental laws, regulations and policy framework improved.	- % of identified overlapping or contradictory ENR laws and policies eliminated by CONAM (e.g., the overlapping jurisdiction between municipalities and the Ministry of Industry, environmental standards). - % of identified critical gaps in ENR law or policies closed by CONAM (e.g., a policy or law for solid or hazardous waste management; a policy for public access to environmental information; the adoption of uniform, national protocols for environmental impact assessment, annual pollution reporting requirements, requirements and protocols for annual pollution prevention audits in targeted industries).	- USAID special studies. - Evaluation reports - IC reports - Project Monitoring Unit (MU) reports - Sample surveys. - SPDA records - CONAM records	
3. Reliable environmental information that meets the decision-making needs of all sectors involved in environmental policy making developed and provided.	- % of environmental information covered by the GOP's State of Environment Report. - Proportion of covered businesses included in the Report. - Number and type of studies of current innovative practices used by Peruvian industry to eliminate the creation of pollutants, to recycle or reuse pollutants internally, or to recover pollutants through secondary treatment for sale to other industries carried out by CONAM's Clean Production Center. - Number and type of studies disseminated (including the Lima Comparative Risk Assessment study). - Cleaner production library and Clearinghouse established in a GOP institution.	- USAID special studies. - Evaluation reports - IC reports - Project Monitoring Unit (MU) reports - CONAM records	Private sector willingness to provide information. Desire to receive and maintain the publications. A process established for providing public access for research and short-term borrowing. Clear institutional commitment to using the publications to promote public interest environmental law.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Component B: Private sector advocacy			
4. Private sector's capacity for consensus-building, problem solving and environmental policy dialogue strengthened.			
4.1 Private sector capacity for policy research, analysis and dialogue strengthened.	- Number and type of policy research issues carried out, discussed, widely disseminated and policy proposals developed in the areas of:. - Environmental law and policy. - Valuation of natural resources and economic instruments; - Environmental information - Alternative technical solutions for environmental management. - Proportion of environmental NGOs participating in the above.	- USAID special studies. - Evaluation reports - IC reports - Project Monitoring Unit (MU) reports - Sample surveys. - SPDA records - Cuanto's records. - CONAM records	
4.2 Private sector capacity for higher quality data analysis and production developed.	- Number of biannual national environment reports prepared and published. - Number of "report cards" included in the independent State of Environment Report.		
4.3 For-Profit sector opportunities for policy dialogue built.	- Number of strategic plan or vision documents developed through the sectoral workshops for industrial sectors completed (Target: 1 for each mining, petroleum and natural gas exploration, manufacturing, fisheries, and agriculture) - Number of sustainable industries participants (male/female) (Target: 60 per seminar) - Number of participants to seminars on the principles of clean production and on conducting pollution prevention audits. (by gender, sector, industry, type of seminar) .		
4.4 Environmental monitoring methodologies for small municipalities and poor communities developed.	- Number of communities trained in the used of the monitoring methodology (by organization, public, private, people benefitted by gender).		
Component C: Demonstration Projects			
5. Environmentally sound , cost-effective and innovative practices and technologies tested.	- Implementation stage and type of cost-effective technology developed and tested.	- USAID special studies. - Evaluation reports - IC reports - Project Monitoring Unit (MU) reports - Sample surveys.	
INPUTS:	See Financial Tables Section VI.		

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ANNEX B. INSTITUTIONAL ANALYSIS OF THE PUBLIC SECTOR ANNEX "B"

I. Institutional Authorities and Capacities of the Public Sector

At the end of the 1960s, Peru issued several important laws regarding the environment. Some of these -- most notably the Forest and Wild Animal Law, the General Water Law and the Sanitary Regulations -- are still valid. For the most part, however, the regulations pertaining to these laws have not been properly implemented and have not managed to prevent serious problems relating to logging, water use, or sanitation. In the beginning of the 1980s, support for the creation of a central environmental authority grew. This effort was not successful, but did lead to the development of a draft Environmental and Natural Resources Code (the Environmental Code), which was enacted in September 1990.

Peru's current national environmental laws and policies stem mostly from the Environmental Code and the new Constitution adopted in 1993. The Constitution provides for a specific right to a healthy environment and shapes the GOP's political commitment to the protection of the environment and the conservation of biodiversity. Partly because of ambiguous language, and partly because there has not been time to interpret it, the practical impact of the Constitution is still uncertain.

Passage of the Environmental Code, as well as other environmental laws enacted recently, have failed to result in a coherent ENR policy, largely because several government decrees designed to promote private sector investment weakened the effectiveness of the Environmental Code. For example, environmental authority to implement the Code was delegated formally to the sectoral ministries (e.g., Ministry of Energy and Mines or Ministry of Fisheries), which have tended to respond to specific problems as they arise.

The weakness of the Environmental Code and the fragmentation of environmental authority among the different sectors has lead to a lack of coordination and an imbalance among the GOP ministries in their technical capacity or political will to implement the laws. The sectoral environmental policies and norms are not well known by public sector authorities, and even less so by citizens or industry. Moreover, the sectoral environmental policies frequently contradict one another or the economic policies of the government, leaving the general feeling that environmental laws are an obstacle to economic development more than a means to achieve it.

A. The Executive Branch

Under a 1991 legislative decree, ENR regulatory and policy-making authority in Peru was formally vested in sector ministries. Since that time, each of the sector ministries has created at least some sort of department for environmental protection (although they vary as to their relative authority within the ministries) and each has been free to develop its own environmental regulations and policies. The result is a largely incoherent and incomplete patchwork of environmental regulations, norms and policies, reflecting little coordination between ministries.

For example, standards have been set by some sector ministries (e.g., fisheries) with no obvious connection to public health or environmental protection goals and little, if any, consultation with the private sector. Additionally, different environmental impact assessment requirements subject the for-profit sub-sector to uncertain and time-consuming procedures.

The newly created CONAM is the first broad coordinating body created for environmental management. It is described first, followed by the environmental departments of each of the GOP ministries.

1. Consejo Nacional del Ambiente (CONAM)

The lack of coherence in Peru's ENR policies and the absence of any coordinating agency led in December 1994 to the creation of the CONAM, a centralized public/private commission charged with setting a national environmental policy and coordinating its implementation with other government agencies and all public and private stakeholders. The CONAM is comprised of a seven-member Council, an Executive Secretariat, and a Consultative Commission. The Council is the head body of the CONAM; the Executive Secretary will be responsible for day-to-day operations; and the Consultative Commission will provide advice and be a liaison to the public. Congress authorized the CONAM to convene a Multi-Sector Commission for Technical Norms as a mechanism to coordinate standards between the different sectoral ministries. The law required that the CONAM Council have one representative from local governments, one from regional governments, at least two from the for-profit sub-sector, and the remaining three representing the government. NGOs are not represented. The CONAM answers to the Office of the President of the Council of Ministers.

Created, in large part, due to pressure from foreign investors and donors, the CONAM provides a critical opportunity for strengthening Peru's ENR policies. Environmental officials in other ministries, as well as the for-profit sub-sector, see the CONAM's role as being critical for rationalizing Peru's environmental legal framework and for resolving differences between agencies.

The legislation creating the CONAM was passed in December 1994. The law gave the CONAM the following specific authorities or functions:

- Formulate, coordinate, direct, and evaluate the national environmental policy, so as to ensure its implementation;

- Coordinate the actions of sector ministries of the central government, as well as the environmental matters of regional and local governments, in order to harmonize environmental policies;

- Establish criteria and general rules for environmental quality and order, as well as coordinate with the sector ministries in the setting of permissible limits for environmental protection;

- Propose mechanisms to facilitate international cooperation in achieving the objectives of national environmental policies;
- Establish general criteria for the evaluation of environmental impact studies;
- Supervise the implementation of national environmental policies and directives by the environmental authorities of the central, regional and local governments;
- Promote environmental education and research, as well as participation of the citizenry at all levels;
- Resolve, as the final administrative resort, the disputes against administrative resolutions or actions relating to the environment, in the cases marked by regulations under the present law;
- Propose drafts of legal norms and issue opinions on matters of environmental importance;
- Demand an initiation of administrative, civil, and/or criminal actions in cases of non-compliance with the policies, norms, and directives issued by the CONAM;
- Stimulate research and documentation of knowledge and technology relating to the environment;
- Promote and consolidate environmental information of other public organisms;
- Prepare a National Environmental Action Plan;
- Propose the creation and strengthening of the methods and means necessary for the elaboration of the valuation of the national patrimony of the nation;
- Issue an annual State of the Environment Report for Peru; and
- Other things required by the law.

The statute is otherwise very short, leaving many questions about the ultimate power, structure, and function of the CONAM. First, because the CONAM is under the Office of the Presidency of the Council of Ministers, it is not clear what status the CONAM carries or at what level of government the Executive Secretariat of the CONAM will operate. This is potentially very important, because the status of the CONAM in the hierarchy of agencies determines the relative authority of its resolutions or norms. Also, the law creating the CONAM did not create or endorse explicitly a "system" or set of institutions and processes for coordinating environmental policy. The law authorizes the CONAM to coordinate the policy, but it did not clarify how the CONAM is supposed to accomplish this coordination, nor did it

clearly give the CONAM sufficient power to force cooperation. Also unclear is whether the CONAM is authorized to have regional or local offices, although the $1.8 million IDB loan, in part, assumes regional offices for the CONAM.

The CONAM is apparently only empowered to *propose* generally applicable norms or regulations; it cannot issue them directly. On the other hand, the CONAM Executive Secretariat apparently has some normative or technical authority, at least with respect to the CONAM's functions and direct powers, and these could conceivably have far-ranging effect under the CONAM's authority to coordinate policy.

2. Public Sector Ministries

For the foreseeable future, primary environmental enforcement authority in specific sectors will remain with sector ministries. Although these ministries are able to obtain significant resources from the general budget or development banks (as seen by the World Bank's and IDB's support of the Ministry of Energy and Mines), none of these ministries currently has sufficient capacity to meet its environmental obligations. Among the sector ministries, the environmental department of the Ministry of Industry, Trade, Integration and Commerce (MITINCI) is particularly in need of assistance. Even where assistance is ultimately intended for other ministries, however, USAID/Peru will coordinate, to the extent possible, its activities through the CONAM to strengthen the latter's relationship with sector ministries and reflect its role as the primary coordinator and priority-setter for national and international environmental policy assistance.

USAID/Peru support should be targeted to those ministries that will play an important role in the development of Peru's ENR policies. Foremost among these are the Ministries of Public Health, of Industry, Trade, Integration and Commerce, of Energy and Mines, of Transport, Housing and Construction, of Agriculture, and of Fisheries.

a. Ministry of Energy and Mines

The Ministry of Energy and Mines (MEM) currently has an environmental office (Dirección General de Medioambiente). Four years ago, the environmental department was under the Dirección General de Minería. Because of this history, the other Direcciones Generales de Hidrocarburos and de Electricidad developed some of their own environmental powers and still do not necessarily recognize the role of the Dirección General de Medioambiente, although that is expected to change as the World Bank continues to support development of Peru's public administration capacity.

The MEM is probably the strongest environmental institution in Peru. It receives some support from the World Bank; however, it still only has 15 permanent staff, which reflects its lack of capacity to implement policy. The major problem is that the MEM is not interested in coordinating with other ministries. As a result, its standards may not reflect the general goals of the Ministry of Public Health, for example. Also, a recent EIA

conducted by Mobil Oil Company to develop oil fields in a national protected area did not coordinate with INRENA.

b. Ministry of Fisheries

Until 1994, there was no environmental authority whatsoever in this Ministry. Initially, the Ministry created a temporary environmental directorate which became permanent only six months ago. The Dirección de Medioambiente is under the Dirección General para Extracción. It has limited technical and financial capacity.

c. Ministry of Agriculture

The Ministry of Agriculture includes the Instituto de Recursos Naturales (**INRENA**), the agency in charge of natural resources; PRONAMACHCS, another quasi-independent agency concerned with soil and water conservation; and a Vice Ministry that includes the Dirección General de Asuntos Agrarios and the Dirección General de Planificación.

INRENA is clearly the most important for environmental purposes. It consists of five Direcciones Generales: (1) forestry; (2) national parks and protected areas; (3) water; (4) rural environment; and (5) special projects. The IDB is planning a sector loan for $146 million to support the agricultural sector, some of which is intended to strengthen the INRENA. Forestry issues are primarily addressed in the Dirección General Forestal within INRENA. Unfortunately, the Dirección General de Asuntos Agrarios, directly under the Minister of Agriculture, has authority to issue concessions for timber cutting, and it rarely coordinates with INRENA's efforts to designate protected areas.

Among other things, INRENA is charged with managing and monitoring Peru's national parks and protected areas. As a subdivision of the Ministry of Agriculture, its authority over other agencies regulating proposed activities in national protected areas is unclear. As a result, each sector ministry has been authorized to set its own rules regarding the exploitation of related resources inside national protected areas. Some of these ministries may ignore the role of INRENA. For example, the Ministry of Fisheries did not seek INRENA's approval to license commercial fishing inside national reserves (such as the Pacaya-Samiria National Reserve at the headwaters of the Amazon). This has resulted in major problems with protecting the natural value of the parks.

d. Ministry of Public Health

There is a Dirección General de Salud Ambiental which includes offices for controlling contamination of water, air, and soil. Unfortunately, none of the sector ministries recognizes the authority of this Ministry. Because it is a social ministry (as opposed to economic), it is a second-rate citizen, as are the ministries of education, social development and labor. At one point the Ministry sought to create the **Institute Nacional de**

Protección de Medio Ambiente para Salud, presumably hoping that it would become the primary environmental institute. That did not happen, however, and although it currently has a database, the Institute has no particular legislated mandate.

The Ministry should take a greater role in identifying environmental risks to public health and in setting national environmental policies aimed at protecting public health. Current standards being set by the MEM and the Ministry of Fisheries, for example, have been set without the participation of the Ministry of Public Health and do not appear to reflect any national public health goals. To the extent that the CONAM is successful in creating a coordinating mechanism for ENR policy making, it will create an important "seat at the table" for the Ministry of Public Health.

e. Ministry of Industry, Trade, Integration and Commerce

Until recently, the MITINCI had a Dirección General para Infrastructura Ambiental which had 4 or 5 people on its staff. The Ministry recently terminated this office and created a Dirección de Línea de Medioambiente under the Dirección General de Industria. The office has only two or three people with limited technical capacity and funding.

f. Ministry of Transport, Housing, and Construction

The Ministry has a Dirección General de Medioambiente which essentially is doing two things: it administers the EIA requirements for the construction of roads (the only EIA requirements issued by the Ministry thus far) and is in charge of a big pilot project for re-use of waste to grow trees.

g. Ministry of Foreign Affairs

The Ministry of Foreign Affairs has a Dirección de Medio-ambiente under the Dirección General de Proyectos Especiales, which addresses the drug trade, the Antarctic, and the environment, among others. Peru has ratified most major international environmental treaties, including the Montreal Protocol (March 29, 1993); the Convention on Biological Diversity (June 7, 1993); the Convention on Climate Change (May 13, 1993); the Basel Convention on Transboundary Migration of Hazardous Wastes (October 21, 1993); and the ILO Convention 169 on Indigenous Peoples. Perhaps the most important treaty not signed is the Law of the Sea Convention, which Peru will not sign because it claims sovereignty over 200 miles of the ocean. The Ministry has organized a number of multi-sector commissions to address specific international treaties. It is also considering transferring the operation of these commissions to the CONAM, which would clearly strengthen the CONAM's legitimacy for coordinating environmental policy.

B. The Congress

Primary environmental responsibility in the Peruvian Congress resides in the Commission for the Environment and Amazonia. The Commission is responsible for drafting and proposing environmental laws and for evaluating drafts prepared by other commissions that relate to the environment. Members of this Commission, as well as other commissions, lack sufficient information to prepare well-informed drafts or perform their other functions. For example, the Commission is largely unaware of environmental policy developments in Peru or in other countries. This weakens Congressional leadership on environmental issues and hinders the formulation of environmental laws. The CONAM's success in bringing coherence to Peru's environmental laws and policies will depend on Congress making informed and wise decisions.

C. The Judiciary

The judicial system in Peru could be an important player in resolving disputes and in protecting certain basic environmental rights. The Environmental Code recognized a right of every citizen to bring an action to defend the environment, thus assuring that groups have standing to bring actions to protect the environment generally. Article 82 of the Civil Procedures Code enacted in July 1993 also allows non-profit associations and others to represent the public interest in court. This means that groups like SPDA will have standing to bring an action to prevent environmental destruction, even if they are not directly injured. For example, in 1993 the Peruvian Supreme Court upheld the finding of a Superior Court that relevant government authorities, including the Ministries of Agriculture and of Fisheries had failed to effectively regulate the activities of shrimp farmers in Peru's northern mangrove forests.

This is an important precedent for the rights of interest groups to challenge government actions or inactions that interfere with the implementation of environmental legislation. Although getting into the court is possible, the breadth of remedies available in environmental cases is practically limited to an injunction to prevent actions that violate the constitutional right to live in a healthy environment. There are no remedies available to recover monetary damages in cases brought on behalf of the public interest. More fundamental than these legal deficiencies is a general lack of knowledge and understanding of environmental issues in the judiciary. Both judges and prosecutors are unfamiliar and uncomfortable with the technical and scientific nature of environmental cases.

D. Regional and Local Governments

1. Regional Government

The Regionalization Law provided the broad framework for creating and organizing the regions in Peru. There are nine political regions in Peru, each created by a different piece of legislation. Lima is a separate region. Until two years ago there were regional assemblies and regional "governors", but no direct election and the selection of these officials was very controversial. In 1992, President Fujimori dissolved all regional governments

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and assemblies and created a transitional regional administration, with the head of each region selected directly by the President.

Prior to the dissolution of the regional governments, most GOP ministries had delegated some of their authority to regional administration. When the President dissolved the regional governments, these delegated authorities reverted to the central ministries. In addition, before 1992 there were some environmental faculties housed in regional offices; now there are none.

2. Local Government

Until 1991, a Law of Local Governments existed, allowing for some authority in providing services, such as waste water removal. This was changed by the 1991 Law on Investment. A critical long-term challenge lies with increasing the role and capacity of municipal governments in environmental management. Even the largest and most important municipalities, such as Lima, lack a proper structure for environmental management. This problem was exacerbated by the centralization of environmental authority in the central government's sectoral ministries. Current efforts to clarify the roles of the municipal governments need to include clear and appropriate environmental management authority.

The biggest problem facing environmental administration at the local level is a lack of clear jurisdiction between the sector ministries and the local authorities. For example, which agency has authority over industrial facilities located in urban areas: the Ministry of Industry or the city government? More importantly, there is no clear way to make this decision.

II. Implementation of the Environmental Code

Implementation of the 1990 Environmental Code was undermined by a series of laws and decrees issued in the interim, which ostensibly aimed at improving the investment climate. The Code set out the main policy goals which guide the individual sector ministries as they begin to consider and issue environmental regulations and norms. These regulations largely fall into the three categories described below.

A. Environmental Impact Assessments

Originally, the Environmental Code listed specific activities that required an environmental impact assessment (EIA), but the 1991 Private Investment Law made each sector ministry responsible for requiring and overseeing the EIAs. Currently, several ministries have begun to require EIAs, but requirements differ widely across ministries and most do not have the resources to evaluate EIAs effectively. The MEM has adopted the most comprehensive set of EIA rules, requiring them for (a) new mining or smelting activity after 1994, (b) mines with fifty percent or more expansion of an existing activity, and (c) any switch from exploration to development. The MEM has issued EIA requirements for petroleum development and electricity.

The Ministry of Fisheries has adopted very general EIA requirements. INRENA requires EIAs on certain forestry practices or activities. The Ministry of Transportation, Communications, Housing and Construction only requires EIAs for highway construction. The MITINCI has developed a registry of consultants wishing to conduct EIAs, but no EIAs are yet required (even though the Ministry has authority over many manufacturing companies, including chemical companies, that could potentially have major environmental impacts).

A review of the EIA requirements illustrates the problems in law and policy created by a lack of central coordination. One of the functions of the CONAM, explicitly included in the law creating it, is to harmonize the technical protocols for conducting EIAs across the different productive sectors. Also, it is important to clarify when EIAs are required and to ensure that potential developers can receive their approval from just one agency. Such a unified approach to environmental approvals reduces the costs and burdens of environmental compliance on industry.

B. Maximum Permissible Levels (Environmental Standards)

Until 1991, the only pollution standards existing in Peru were water quality standards set in the 1969 General Water Law. These standards were set very high to equal international standards; however, virtually no one complies with them. Since the 1991 delegation of environmental authority to the sector ministries, both the MEM and the Ministry of Fisheries have begun to set standards, although both have raised serious issues. With financial support from the World Bank, the MEM has begun to develop a broad range of ambient standards. However, the MEM set the ambient standards without consulting with other ministries, particularly the Ministry of Public Health, which retains authority to set ambient standards for protection of public health. The MEM is now in the process of establishing emission standards based on a review of emission reports submitted by the mining industry. It is not clear how, if at all, these standards will reflect projected growth or expansion of the industry. The Ministry of Fisheries has issued a water standard for the fish meal industry, which is probably the most controversial GOP environmental action in recent years. The standard does not appear to reflect any consideration of local assimilative conditions, future projections of other impacts on the receiving waters, or any consultation with stakeholders.

Like many other Latin American nations such as Ecuador, Peru's experience with standards has not been promising. First, those few standards that have been set are not rooted in any scientific understanding of local conditions nor do they reflect any explicit public health or environmental protection consideration. Second, because there is no coordinated approach to standard setting, standards may vary greatly across different sectors or regions. Third, the standards, for the most part, have been set without adequate participation of industry or the public, which, particularly in the fishing industry, has led to unnecessary and counter-productive conflicts. Finally, the standards have been set without explicit consideration of economic feasibility, which, in some cases, might suggest longer time for industry compliance.

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C. Environmental Reporting Requirements and PAMAs

The MEM has required that all mining operations provide an annual report of the amount of their discharges. The first reports were due in March 1995 and the results have been very encouraging. Well over half of the companies complied with the requirements. These company reports will then form the basis for the MEM to set emission standards. The companies will then be asked to submit plans (Programas de Adecuación del Medioambiente -- PAMAs) detailing how the companies expect to meet the standards in a specific period of time.

PAMAs are also being required of the fisheries sector, where the Ministry of Fisheries has ordered that all PAMAs be implemented by July 15, 1995, six months after the establishment of the environmental standards. This is widely believed to be an unrealistic deadline and several companies have already announced their intention to ignore the requirement. The PAMA system, in theory, provides companies with the opportunity to seek their own path to improving environmental performance. This inherent flexibility, if implemented over a reasonable period of time, could allow industry to develop clean production alternatives to meeting the standards.

III. Environmental Funding

Peru currently does not have a general environmental fund for financing environmental protection efforts and for attracting foreign assistance, as exists in Bolivia and Colombia. There are only four sources of environmental funding in Peru: the annual public sector budget, PROFONANPE, FONCODES, and foreign assistance.

A. International Assistance

The absence of an environmental institution, no central planning institution, and an inappropriate legal and regulatory framework make it difficult for international cooperation agencies or foreign NGOs to channel resources to Peru. The Executive Secretary of International Technical Cooperation of the Ministry of the Presidency is the main entity for channeling resources related to international cooperation. In many cases, because of a lack of coordination with other sectors and because there is no environmental action plan, offers from donors for financing have not been accepted.

B. The GOP Budget

Generally, because of the major austerity program, public sector funding for environmental protection is at a bare minimum. Moreover, the GOP has thus far refused to allow funds from the use of certain resources or natural reserves to be earmarked for related environmental protection efforts. Thus, for example, income from visits to the natural protected areas does not flow back to INRENA, but to the general treasury.

In this sense the main differences between countries such as Bolivia, Colombia, Panama, and Peru is that Peru does not have a fund which can channel financial resources for general environmental management, and thus there only exists one single fund specifically designed for management and strengthening the National System of Natural Protected Areas by the State (SINANPE) and the General Direction of Natural Protected Areas. This private fund (PROFONANPE) was recently created by special legislation to attract funding from foreign donors for improving national park management. PROFONANPE does three things: it administers the fund (FONANPE); it provides financial and technical assistance to INRENA for national park administration; and it provides financial and technical assistance to the specific national parks. The fund currently has $5 million from the Global Environment Facility (which, although approved, has taken more than two years to transfer the money), and $2.5 million from German assistance (GTZ). The fund is administered by a seven-person council comprised of three members from the public sector, three from the non-governmental sector, and one international representative. The international representative holds the seat for two years, and is currently from the GTZ. All three from the public sector are currently from the Ministry of Agriculture, even though it was supposed to be split among several ministries, including foreign affairs. The NGO representatives must come from organizations in the Red Peruana Ambiental, which is a network of about 40 major environmental groups. There is currently a proposal to expand the council to nine people, which would add one person from a different ministry and another from the industrial sector.

ANNEX C. INSTITUTIONAL ANALYSIS OF THE PRIVATE SECTOR

Many of Peru's environmental NGOs have joined or established larger networks, the primary ones being the Red Ambiental Peruana, the Red de Agricultura Ecológica, and the Comité Peruano de la UICN (International Union for the Conservation of Nature). These networks are intended to unify the sector and to support the development and promotion of NGO positions. Nevertheless, they have not worked effectively because they have not articulated common goals or activities for the networks to coordinate or promote. The most recognized NGO network is the Red Ambiental Peruana which nominated three NGO representatives to the PROFONANPE (Fondo Nacional para las Areas Naturales Protegidas) board and are on equal footing with three representatives from the Ministry of Agriculture, which is responsible for managing protected areas.

Public and private universities have begun a process of building centers which provide environmental services, and which draw on the capacity of the students and faculty in order to generate income for their academic programs. There are two leading university academic programs in Peru, both located in Lima: the Instituto de Estudios Ambientales (IDEA) at the Catholic University of Peru and the Environmental Sciences and Engineering program at the National Engineering University. A number of academic study groups have also been established to study environmental issues.

Policies to encourage foreign investment have also generated a set of new environmental issues which has created an interest in the for-profit sub-sector. For example, the legislation adopted to promote investments included modifications of the environmental regulations and requirements for industry. These requirements were discussed and negotiated between the largest umbrella industry association -- CONFIEP (Confederación de Instituciones Empresariales Privadas) -- and the government. As a result, CONFIEP now has a standing Sustainable Development Committee that develops industry positions related to environmental issues.

The industry association that has been the most active in promoting debate on environmental issues is the Sociedad Nacional de Minería y Petroleo, which also has an Environment Committee. Additionally, because of conflicts between fishmeal and fish processing plants and the Ministry of Fisheries, the Sociedad de Pesquería is working together with NGOs to begin open discussion of how the conflict might be resolved. The Sociedad Nacional de Industrias also has an environmental committee that has initiated a process to study and develop environmental regulations for manufacturing industries.

On the following pages a detailed description is provided of the capabilities of four "environmental" NGOs (SPDA, FPCN, OACA and Cuanto) which are potential participants in this Project.

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REPORT OF THE PERUVIAN ENVIRONMENTAL LAW SOCIETY FOR 1994

1994 was a particularly important year for the Peruvian Environmental Law Society (SPDA). In response to institutional growth and a need for clear definition of operational priorities a program of strategic planning and administrative review was initiated. This led to organizational restructuring designed to lay the basis for continuing development of the SPDA's capacity to deal with a growing workload on national and international environmental law and policy issues.

The SPDA's vision statement entitled "A Present with a Future: Towards a Sustainable Society", a product of that strategic planning process, reflects the organization's inherent belief in the capacity of mankind to secure sustainable development and, consequently, in the fundamental need to protect and conserve the environment as a fundamental step towards securing an improved quality of life for society as a whole.

The SPDA has defined a five year strategic plan for the progressive achievement of its objectives, which is based upon three primary goals:

(1) To act as facilitators in decision making processes, relating to the development and enforcement of requisite law and policy, in order to meet the challenge of achieving poverty alleviation and environmental protection without undermining the realisation of the legitimate aspirations of developing nations for economic growth.

(2) To act for and on behalf of the public interest in defense of the right of all persons to a healthy environment adequate for a dignified standard of living, for the maintenance of the earth's capacity to meet the needs of both present and future generations and for protection of the cultural integrity of all peoples.

(3) To actively promote the greater diffusion of environmental law, including through capacity building of professionals and the wider society, as a discipline and instrument for the transformation of development practices.

The SPDA is dedicated to service of the global and national community - with emphasis in Peru and Latin America - to achieve protection of the environmental patrimony of our nations, promotion of sustainable use of natural resources and the equitable distribution of rewards derived from their exploitation to the benefit of the all peoples, in particular the least favored.

The SPDA is now organized into six primary program areas, (1) Environmental Law and Policy, (2) Public Interest Defense, (3) Industry, Commerce and Environment, (4) Conservation (5) International Affairs, (6) Information Services and also supports

an autonomous Education Program (EDUCA-21). SPDA's internal working practices enables coverage of a wide spectrum of national and international environmental law and policy issues and provision of integrated support and consultancy services to NGO's, grassroots organizations and indigenous peoples, as well as to a broad range of public and private sector bodies and institutions.

Funding and support have been provided by W.Alton Jones Foundation, MacArthur Foundation, Interamerican Foundation, The Nature Conservancy, Homeland, World Wildlife Fund, Noyce Foundation, Tinker Foundation, World Resources Institute and Wetlands for the Americas. At the same time, SPDAs consultancy work has had support from institutions such as The World Bank, Interamerican Development Bank, GTZ, and USAID.

1. Environmental Law and Policy

During 1994 SPDA continued its work in the promotion of environmental law and policy with a view to securing sustainable development at the national, regional and international levels. SPDA maintains its policy of offering no-fee consultancies on legislative proposals to national governmental agencies. In a significant step towards self-sufficiency the SPDA has also undertaken a number of consultancies, for international institutions on issues of both national and international significance, to aid development of environmental law and practice in Peru and other Latin American countries, and some joint projects to promote effective implementation of international treaty obligations in order to secure sustainable development in the region.

(a) National issues

Particular emphasis has been placed on the need for the establishment of a Peruvian National Environmental Authority. On 22nd of December of 1994 by Congressional Law No. 26410 a National Environmental Commission (CONAM) was created. The SPDA is working, in cooperation with relevant State bodies, the private sector and the NGO community, to develop draft regulations to ensure timely adoption of implementing legislation necessary to make the CONAM operative.

With funds from GTZ, a report entitled, "Legal Analysis of the National System of Natural Protected Areas" was prepared during 1994 by SPDA. SPDA also acts as legal consultants to the multidisciplinary team responsible for the preparation through participative debate of a proposal for a National Plan for the administration and maintenance of protected areas.

The National Chamber of Tourism requested SPDA to prepare a draft legal proposal to give force to legal provisions regarding private sector ecotourism activities. This proposal is presently under consideration by the Vice-Ministry of Tourism. SPDA has also worked with national conservation organizations and the Peruvian

Association of Adventure Tourism and Ecotourism, on proposals to regulate ecotourism in three national protected areas, Manu National Park, Huascarán National Park, and Macchu Picchu Historic Sanctuary. These are awaiting approval by the National Institute of Natural Resources.

Support has been given to the Ministry of Fishing in preparing implementing regulations for the General Law of Fishing.

SPDA is one of three elected representatives of the Peruvian Environmental Network who sit on the board of PROFONANPE, the mixed government, NGO and international assistance organisation founded to administer a GEF financed trust fund for the protection and management of the National System of Protected Areas. SPDA also provides legal services to PROFONANPE.

SPDA will continue to act as president of the National Committee of IUCN until the end of 1995. The National IUCN Committee together with other networks of NGO's working in conservation and development has prepared an open forum for to consider environmental and development priorities and to elicit information and discuss policy proposals of Presidencial candidates to be elected in April 1995.

(b) <u>International issues</u>

At the invitation of IUCN's Environmental Law Centre the SPDA participated in a joint technical project to provide the Andean Pact countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) with a proposal for a Regional Law on Access to Genetic Resources. A meeting of Regional and international legal and genetic and agricultural experts, with participation of indigenous peoples representatives was held in Lima at the end of May and a workshop convening NGO's from both within and outside of IUCN, indigenous peoples and local community representatives as well as governmental experts was held in Colombia in August to discuss a working paper on the proposed elements for this law. In October the result of this project, including draft elements for an access law was provided to the Andean Pact countries. The Pact countries are now negotiating the content of the future law and the SPDA has been invited to act as advisors to the Peruvian delegation for the rest of this process.

SPDA has also been invited to form part of a National working group in the preparation of regulations for the implementation of Decision 345 of the Andean Pact, which establishes a plant breeder's rights regime for Andean Pact countries, as well as to act as advisors to the Peruvian delegation to the Andean Pact debate on this topic. The close relationship between the recognition of property rights over new or discovered plant varieties, access to genetic resources and recognition of the rights of indigenous peoples and farming communities over their innovations, practices and knowledge makes an integrated approach to these issues of vital importance.

The Amazonian Co-operation Treaty (TCA) contracted a member of the SPDA to prepare a draft Treaty proposal, for consideration by States members to the TCA, which has as its objective regulation of transboundary pollution of the Amazon river.

The Inter American Development Bank contracted SPDA President and Vice President to prepare, with the co-operation of a Panamanian consultant, a draft General Law of the Environment for Panama for consideration by the Congress of Panama. The collective experience of the SPDA's team of lawyers has been brought to the assistance of this project.

SPDA has been closely involved in the preparatory processes for the orientation of project "Action for a Sustainable Amazonia" which is to be carried out under the co-ordination of the Secretariat of the Amazon Cooperation Treaty with sponsorship from The World Resources Institute. This project will seek to design a methodology for identifying sustainable development projects for Amazonia, through a cooperative process involving public, private and independent sector actors of the region. At the suggestion of the SPDA this project has been expanded to include the creation of a regional working group to examine the effects of international and regional trade agreements and their influence on the adoption of sustainable development policies in the countries of the region.

SPDA was also actively involved in the Forest Stewardship Council's (FSC) Working Group on Criteria and Indicators for Natural Resources. On the forest issue, SPDA participated in the National co-ordinating committee of the Latin-American Forests Network as well as in the follow up of a number of international initiatives on forestry issues, such as the Intergovernmental Working Group on Forests and in the formation of a World Forest Commission. The national Working Group to coordinate secondary regulations for a draft forestry law proposal was led by SPDA.

A comparative study of Latin-American legislation relating to wetlands, commissioned by the Wetlands for the Americas project, was also completed.

2. Public Interest Defense

In first action of its kind, under the new provisions contained in the Constitution of 1993 the SPDA initiated a Habeas Data action against the Ministry of Energy and Mining, with regard to the constitutional right to information. In this case access is sought to specific technical information relating to a mining company's mine tailings disposal system, which in early 1993 collapsed producing a landslide which led to the deaths of 8 people in the Andean region.

An administrative action was initiated to impede renewal of forestry concessions in northern Peru, which had previously been revoked following exposure of illegalities in the original

agreements. Judicial actions, at the Superior Court level, were also successful to prevent timber activities in tropical forests of the Peruvian jungle, in the region of Pucallpa, which were being carried out on the basis of illegal use of forestry concessions and for which management plans had not been prepared.

Criminal proceedings were initiated against shrimp companies in northern Peru, which seeks to impede the occupation of the National Sanctuary Manglares de Tumbes and the construction of reproduction pools within this protected area.

Successful results were also obtained in a number of legal proceedings which SPDA initiated over the course of the last few years in defense of Pantanos de Villa, an important wetland in Lima, which was being occupied for construction - development purposes.

The SPDA's capacity to carry out public interest defense work has been strengthened during 1994 with the hiring of new staff members and the reallocation of responsibilities in order to enable greater time to be allocated to the promotion of greater awareness of environmental law rights and obligations among the population, and the preparation and prosecution of cases.

3. <u>International Affairs</u>

SPDA seeks to maintain and expand its presence in international forae in recognition of the importance of promoting equitable international accords conducive to global sustainable development. The necessity to ensure that the NGO voice in international environmental and development debates is representative of the global community, and in particular secures balanced airing of developing nations concerns is considered fundamental to achievement of sound environmental management.

SPDA was present at the 2nd meeting of the International Committee of the Convention on Biological Diversity (ICCBD) in Nairobi, Kenya, at which it continued to strive for effective realisation of the rights of farming communities and indigenous peoples over the product of their intellectual effort, as well as at the First Conference of the Parties of the Convention on Biological Diversity held in Nassau, Bahamas. A open workshop, organized by the SPDA together with Conservation International and The Center for International environmental Law (CIEL), was held at the Bahamas meeting on access to genetic resources, which included a presentation of the ELC-IUCN/SPDA proposed elements for inclusion in a common regime for access to genetic resources prepared for the Andean Pact countries.

Two members of the SPDA were invited by the GATT secretariat to participate in the meeting of NGO's and the GATT on trade and the environment issues held in Geneva in June. SPDA also partook in seminars in preparation for the Summit of the Americas, including a pre-meeting workshop on Environment and Sustainable Development

organized by the North-South Center, University of Miami, in Kingston Jamaica in October and a meeting of NGO's of the Americas with Elizabeth Dowdswell, UNEP, in Washington orginized by CIEL.

SPDA views as fundamental the adoption of adequate international legislation to regulate the activities of nations and transnational corporations in the global marketplace. SPDA will continue to investigate and promote the formulation of an international body of antitrust/competition law and of effective legally binding dispute resolution mechanisms independent of political decision making bodies.

4. Indigenous Peoples

SPDA is committed to ensuring that its activities are supportive of and conducive to the recognition and protection of indigenous peoples rights. To this end SPDA promotes the rights of indigenous peoples to participate directly in all levels of debates which have a bearing upon their rights.

Concerned that for too long the environmental community has failed to pay adequate attention to indigenous peoples rights and needs the SPDA is participating in various projects to strengthen ties between indigenous peoples and the environmental law community. These projects are part of a program of capacity building for lawyers, indigenous leaders and their advisers in order to examine the interfaces between environmental law and realisation of indigenous rights and aspirations, the intention being to develop mutual respect and confidence as the basis for more sensitive practice of environmental law and for greater awareness of its utility for the protection of indigenous interests

As an example of SPDA's, international activities, W. Alton Jones Foundation has provided funding for a project to consolidate land use and land rights for 5 Tacana indigenous communities resident in the buffer zone of the National Park of Madidi, Bolivia. SPDA has been contracted as a partner to CEDPA a bolivian NGO to provide legal support and advice for this initiative.

SPDA was invited to address the conference of Latin-American Indigenous Peoples "Indigenous Peoples, Biodiversity and Intellectual Property" organized by the Coordinator of Indigenous Organizations of the Amazonian Basin (COICA) and UNDP in Santa Cruz, Bolivia, September 1994. A proposed "Certificate of Origin" system for protection of indigenous rights over their knowledge, innovations and practices was well received and included in the Conference final report as deserving of further investgation in the search for equitable protection of indigenous interests.

5. Education and Capacity Building

SPDA staff continue to attend numerous national and regional events as invited speakers on environmental law and policy matters

(a) Capacity Building

SPDA through its Public Interest Defense Program and support from the INTER AMERICAN FOUNDATION, organized 2 legal seminars in different regions of the country (Piura and Arequipa) as part of a 2 year regional capacity building program for lawyers and students. In this first year 45 lawyers and law students attended these courses and six of the participants are undergoing internships of one month in the SPDA's offices, prior to returning to their regions to take up the practice of environmental law. A Further two seminars will be held in Cusco and Iquitos during 1995. Plans are also under way for a capacity building program for judges in both Peru and Chile.

It is also intended to hold capacity building seminars in environmental law with leaders and advisors to indigenous peoples of both the Andes and the Jungle in coordination with their representative organizations during 1995.

Staff members continue to participate in the teaching of environmental law in one of Peru's foremost law schools in the Universidad Catolica del Perú as well as undertaking seminars for forestry and biology students with the Universidad Nacional Agraria the Natural History Museum of the Universidad de San Marcos.

Students from national and foreing universities are regular visitors to the SPDA which has provided opportunities for in-house practical experience as well as giving assitance on research projects and preparation of academic theses.

b) Primary Education

The SPDA's autonomous Education program (EDUCA-21) works on promoting the need to conserve natural resources through education programmes at a primary level, as well as providing teachers from rural areas with capacity building and manuals in order to incorporate environmental concerns into everyday schoolroom activities.

6. Library and Information Services

The SPDA has organised its environmental law and policy materials as well as educational materials, including video, into a public access lending and reference library. SPDA also provides access to Electronic mail conference materials and is helping to extend knowledge of and access to Email services to regional universities as part of a process to encourage and facilitate greater regional particiaption in national and international debates.

Manuel Pulgar-Vidal
Executive Director

GENERAL INFORMATION ON THE PERUVIAN FOUNDATION FOR THE CONSERVATION OF NATURE

The Peruvian Foundation for the Conservation of Nature (FPCN) is a private, non-profit conservation organization established as a foundation in 1984, in accordance with Peruvian legislation. Its purpose is to contribute to conservation, which is understood to be the sustained use of natural resources - soil, water and wildlife -throughout Peru, as established in the By-laws.

The FPCN is duly registered in the General Administrative Registry of Foundations under record No. 111 and in the Public Registry under record 6920. It is also registered in the Ministry of Economy and Finance's Registry of Entities Exempt from Income Tax, Volume VIII, page 057, No. 3257; in the National Tax Administration authority with RUC No. 1184745; and in the registries of Non-Government Development Organizations Receiving International Technical Cooperation, based on Resolution No. 002-93/PRES-SECTI issued by the Ministry of the Presidency's International Aid Secretariat.

INSTITUTIONAL MISSION

The mission of the Peruvian Foundation for the Conservation of Nature is to promote and implement the necessary tasks to ensure the conservation of nature in the country, through the maintenance of the biological diversity, the sustained use of species and ecosystems and the development of a conservation culture in the Peruvian society.

Objectives:

1. Conservation of the biological diversity, through:
   - Natural protected areas
   - The protection of threatened species

2. Sustained use of renewable natural resources:
   - Designing and promoting sustained development strategies
   - Planning and implementing demonstration projects that contribute to a sustained development
   - Carrying out studies concerning the sustained use of specific natural resources.

3. Development of a conservation culture by means of:
   - Education programmes
   - Information programmes

FIELDS OF ACTION

According to the Strategic Plan, the institution must concentrate its greatest efforts on the following fields of action:

a. **Conservation of the Biodiversity in Protected Natural Areas:**
Promote the appropriate management of protected natural areas in the country, in order to fulfil the foundation's objectives. Provide management plans, wardens, infrastructure and signs and promote the work carried out with neighboring communities to ensure that the protected natural areas meet their objective and really preserve the natural wealth within the zone, in keeping with the country's development.

b. **Promotion of the Sustained Management of Renewable Natural Resources:**
Promote and disseminate experiences involving the sustained use of renewable natural resources, particularly in areas adjoining protected zones, as a means of ensuring the conservation of such areas and meeting the needs of the local population at the same time. The intention is also to extend these experiences to the rest of the country whenever possible.

c. **Creation of a Conservation Awareness**

Through the media, create an awareness of the importance of conservation and the sustained use of natural resources for the development of the country, among political and entrepreneurial decision makers and public opinion in general. The intention is to foster political and entrepreneurial decisions that are positive for the environment on the one hand, and on the other hand, encourage journalists specializing in ecology to disseminate the conservation message to the general public.

EXPERIENCE OF THE FPCN

The FPCN, created in 1984 by a group of prominent Peruvian experts, began its activities with four projects and a budget amounting to US$30,500.00 for the first year. Subsequently, with the support of the WWF and The Nature Conservancy, the institution developed considerably and acquired the ability to conduct successful conservation projects.

The projects currently under implementation are governed by the institution's action guidelines established in the Strategic Plan, mainly in terms of:

- The management of Protected Natural Areas;
- Sustained Development, mainly in the Forestry Programme; and
- The creation of a Conservation Awareness.

The Foundation currently specializes in the protection and sustained management of renewable natural resources, with considerable experience in designing conservation policies, conducting planning processes and implementing studies and projects at national, regional and local levels. Its most active topical areas include protected natural areas and the sustained management of resources - mainly forestry - in the buffer zones of such areas; creating a conservation awareness at different levels; and promoting favorable conservation policies on various topics, placing emphasis on protected areas and forestry matters.

To this end, the institution has the technical ability to design and conduct projects aimed at the conservation and sustained use of natural resources and, in general, the maintenance of the country's biological diversity. Proof of this is the fact that the Foundation has been conducting such projects in the following protected areas and their respective buffer zones in most cases:

1. Manu National Park (1,532,806 hectares) and the Manu Biosphere Reserve. Cuzco and Madre de Dios, Inca Region.
2. Abiseo River National Park (274,520 hectares). San Martin Region, La Libertad.
3. The North West Biosphere Reserve (231,300 hectares). Includes the Cerros de Amotape National Park (91,300 hectares), the Tumbes National Forest (75,000 hectares) and the El Angolo Hunting Reserve (65,000 hectares). Grau Region.
4. Yanachaga Chemillen National Park (122,999 hectares). Andres Avelino Caceres Region.
5. Pampas del Heath National Sanctuary (102,989 hectares). Department of Madre de Dios, Inka Region, Bolivian border.
6. Pacaya Samiria National Reserve (2,080,000 hectares). Loreto Region.
7. Los Manglares de Tumbes National Sanctuary (2,972 hectares). Grau Region.
8. Las Lagunas de Mejia National Sanctuary (690.6 hectares). Arequipa Region (part of the Conservation and Sustained Development of Marshes Programme).

An example of the Foundation's good performance is the significant increase in conservation funding in Peru, obtained from local donations and ever-increasing contributions from the WWF and TNC as well as from awards and acknowledgements such as the following:

The J. Paul Getty Wildlife Conservation Prize awarded by the World Wildlife Fund (WWF) in

February 1992, in acknowledgement of the efforts made to support conservation, in collaboration with the administration of Peru's national parks in different protected areas in the country, particularly the Manu Biosphere Reserve.
Diploma and Silver Medal from the United Nations Food and Agriculture Organization (FAO) on the occasion of the World Nourishment Day on the theme "Trees, the Source of Life", in acknowledgement of the efforts made to encourage the population to participate in planting trees and in the sustained management of forestry resources.
The TAKLLA prize awarded to the FPCN by the magazine "AGRONOTICIAS" in December 1992, mentioning the Foundation as one of the most prominent members of the Peruvian Farming Sector.
The United Nations Environmental Program (UNEP) Global 500 Prize in 1994, in acknowledgement of the Foundation's outstanding work in support of the management of protected natural areas in Peru and the sustained management of their areas of influence.
The Clifford F. Messinger Prize (1994) awarded to the FPCN by The Nature Conservancy (TNC) as the most outstanding organization of the year in Latin America and the Caribbean for its exceptional conservation work in Peru.

THE ADMINISTRATIVE ABILITY OF THE FPCN

The Foundation has a good professional team, both in technical and administrative terms, currently managing 22 projects and a budget amounting almost three million U.S. Dollars (1995).

For project administration purposes, the Foundation has a decentralized structure, including its main office (Lima) and three regional offices in Piura (North West Programme), Iquitos (North East Programme) and Cuzco (South East Programme), as well as support offices in several other areas such as Oxapampa (Central Selva), Tumbes (North West) and Puerto Maldonado (Madre de Dios).

The Foundation has a relatively limited administration staff, as all accounting and project monitoring systems are computerized, with a programme specially adjusted to such needs to which all regional offices are connected electronically via modem. There is a radio communication system between all offices and projects in the field, so that they are rapidly catered to. The Foundation devotes much time to training and improving the qualifications of its staff, both internally and at courses outside the institution.

Furthermore, organizing the conservation activities in regional and topical programmes has helped to distribute project management in efficient and autonomous administration units for special programmes or projects that require them, enabling the foundation to manage projects with a small staff, high efficiency and low costs. This is how the Endangered Parks Programme is currency operating, which the Foundation implements jointly with the DGAPFS and The Nature Conservancy, working simultaneously in two parks. Another case is the Conservation and Development Project in the Pacaya Samiria National Reserve, the largest currently conducted by the Foundation (a budget of approximately one million dollars a year), in the case, with the important financial support of AID-TNC

The Foundation produces periodic technical and economic reports on the progress of each specific project. The Foundation's Annual Financial Statements and Accounting Procedures are audited, as are the projects in which an audit is specifically requested in the contract. Financial reports are drawn up based on automated programmes and are therefore produced rapidly and can be easily checked by the donor as well as external auditors.

INSTITUTIONAL RELATIONSHIP OF THE FPCN

FPCN executes or has executed projects or specific activities with, or has received support for its institutional development of the following institutions:

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O A C A
Oficina de Asesoría y Consultoría Ambiental

OFICINA DE ASESORIA Y CONSULTORIA AMBIENTAL - OACA

RESUMEN DEL PERFIL INSTITUCIONAL

1. INTRODUCCION

La Oficina de Asesoría y Consultoría Ambiental (OACA) es una Organización No Gubernamental de Desarrollo (ONGD), que tiene como finalidad desarrollar, difundir y sistematizar modelos alternativos para el tratamiento de la problemática ambiental en sectores de pobreza crítica, en una perspectiva de contribuir con la implantación de un modelo de desarrollo sustentable.

La OACA se especializa en la temática de la ingeniería sanitaria y ambiental. Desde 1986, el equipo de profesionales miembros de OACA vienen proporcionando servicios de asesoría técnica en sectores de prioridad ambiental. Además, promueve y ejecuta proyectos de desarrollo con la población organizada y realiza monitoreos ambientales utilizando su Laboratorio de Control de Calidad Ambiental (ECOLAB). El ECOLAB ha realizado más de 25,000 análisis en aguas, suelos, alimentos y residuos sólidos, apoyando a los programas internos de OACA, e instituciones públicas y privadas vinculadas al tema.

2. BENEFICIARIOS Y AGENCIAS DE AUSPICIO DEL TRABAJO DE OACA

Las organizaciones de base, los municipios distritales y regionales, las universidades, las ONGDs y las instancias de gobierno central vinculadas al sector salud y medio ambiente son los principales interlocutores y beneficiarios del trabajo de OACA.

Actualmente, se tiene convenios de asesoría técnica con la Municipalidad de Pachacamac, la Municipalidad de San Mateo, la Universidad Nacional de Ingenieria, las ONGDs FOVIDA y CESIP, y convenios de apoyo técnico con organizaciones de base como Juntas Directivas, Comedores Populares, Clubes de Madres y Juntas de Agua Potable de diversos pueblos del valle de Lurín.

Grimaldo del Solar 463, Lima 18 - Telefax 449359 - Casilla Postal 14-0137

Las principales agencias de cooperación técnica internacional que apoyan el trabajo de OACA son: Catholic Relief Services (CRS-sede Perú), Lutheran World Relief (LWR-sede Perú), International Cooperation for Development (ICD-Reino Unido), Catholic Fund for Overseas Development (CAFOD-Reino Unido), States of Guernsey (Unión Europea), Broederlijk Delen (Bélgica), INTERMON (España), Fondo de Contravalor Perú-Francia y GATE/GTZ (Alemania).

3. LINEAS DE INTERVENCION

Las líneas de intervención de la OACA son:

Saneamiento básico

- Abastecimiento de agua potable
- Tratamiento de aguas residuales
- Eliminación de excretas
- Manejo y tratamiento de residuos sólidos

Gestión ambiental

- Análisis físico químico de suelos, aguas, aguas residuales, aire y alimentos
- Análisis microbiológico de aguas, desagües, suelos y alimentos
- Evaluación de Impacto Ambiental (EIA)
- Programas de Adecuación Ambiental (PAMA)
- Auditorias Ambientales
- Planificación Ambiental

Educación, capacitación y difusión

- Capacitación técnica en tecnologías apropiadas para el saneamiento básico y el monitoreo y control de la contaminación ambiental
- Educación popular ambiental y sanitaria
- Educación ambiental escolar

Reforzamiento institucional

- Micro-empresas de servicios
- Instancias de gestión local de servicios básicos
- Empresas municipales de servicios.

4. ORGANIZACION INTERNA Y COMPOSICION DEL PERSONAL

La OACA se organiza alrededor de los siguientes ejes de trabajo:

* Area de planificación urbana y regional

* Programas de saneamiento ambiental

* Asesoría e investigación

* Monitoreos ambientales y análisis de laboratorio

El equipo técnico de OACA es multidisciplinario y esta conformado por profesionales del área de ingeniería civil, ingeniería ambiental, arquitectura, planificación urbana, ingeniería sanitaria, química, microbiología, administración de pequeñas empresas y promoción social.

Al mismo tiempo la OACA cuenta con el apoyo de consultores asociados, constituido por economistas, ecológos, planificadores, ingenieros agrónomos, expertos en informática, ingenieros ambientales y periodista.

5. TRABAJO ACTUAL

Actualmente venimos desarrollando las siguientes actividades:

Ejecución directa de proyectos:

- Sistema de Tratamiento y Reciclaje de Aguas Residuales en San Mateo, zona alta de la cuenca del río Rimac.
- Sistemas de Abastecimiento de Agua Potable en los pueblos San Juan, Río Seco y Quebrada Verde, ubicados en el Valle de Lurín.
- Programa de eliminación de excretas, educación sanitaria y ambiental con la población de base en el valle de Lurín
- Micro-empresas de limpieza pública en el distrito de Comas.
- Plan de ordenamiento territorial y manejo ambiental en la zona baja del valle del río Lurín.

Educación, capacitación y difusión:

- Seminario "Evaluación y Manejo Ambiental del Sector Industrial", organizado con el Centre for Environmental Management and Planning (CEMP-Aberdeen University, UK). Octubre, 1995.
- Curso de capacitación "Proyectación Ambiental para el Desarrollo Sustentable", organizado con la Facultad Latinoamericana de Ciencias Ambientales, (FLACAN-UNESCO). Noviembre, 1995; Abril y Agosto, 1996.
- Publicación del libro "Atlas Ambiental del Perú"
- Edición y publicación del libro "Potenciales Impactos Ambientales de las Industrias del Perú".
- Publicación del libro "La Basura Un Cuento de Nunca Acabar".

Asesoría técnica e investigación aplicada:

- Evaluación del Impacto Ambiental (EIA) originado por las actividades petroleras de la OXY en San Lorenzo, Lote 4 de la Selva Peruana. Asesoría a AIDESEP y comunidades Candoshi.

- Apoyo a Micro-empresas de Limpieza Pública a Nivel Nacional. Asesoría auspiciada por CRS-Perú.

- Asesoría a Micro-empresas de Abastecimiento de Agua Potable. Asesoría auspiciada por CRS-Perú.

- Formulación de Guías Técnicas para el Manejo de Residuos de Hospitales de la Región. Asesoría solicitada por la Organización Panamericana de la Salud (OPS-OMS).

- Asesoría técnica en la evaluación de la contaminación ambiental y análisis de laboratorio a instituciones de apoyo de los sectores Pesquería, Mineria e Industria, como: Pacific, Mondina, SVS y Consorcio Minero Horizonte.

- Las Empresas Sustentables para la Prestación de los Servicios de Saneamiento. Investigación con FLACAM-UNESCO.

Cooperación y participación interinstitucional:

- Miembro del "Experts Group on Institutional and Management Options for Water Supply and Sanitation Services" de la World Health Organisation (WHO).

- Sede Nacional de la Facultad Latinoamericana de Ciencias del Ambiente (FLACAM) de la Catedra para el Desarrollo Sustentable de la UNESCO.

- Apoyo a la Superintendencia Nacional de Servicios de Agua y Saneamiento del Ministerio de la Presidencia.

- Convocatoria BID 001-95 MINSA, se esta concursando en el capítulo "Supervisión y Monitoreo del Sector Salud", como parte del equipo del consorcio Universidad Pacifico, INSAP y SASE.

- Convocatoria No. MTB-005-95 de Petroleos del Perú, para el Estudio Hidrogeológico de la Refineria Talara en el marco del Programa de Adecuación Ambiental (PAMA), OACA ha sido invitada a concursar y se esta presentando.

- Miembro de la Comisión de Servicios Urbanos de la Red Habitat-Perú.

- Miembro del Consorcio de la Revista Medio Ambiente.

- Miembro de la Red Ambiental Peruana y membresia de la UICN en trámite.

6. EXPERIENCIA

La OACA ha realizado diversos trabajos de investigación, asesoría técnica e implementación de proyectos, entre los cuales tenemos:

a. Proyectos de manejo y tratamiento de residuos sólidos municipales en zonas urbano-marginales de Lima, ciudades intermedias de Huánuco, Apurimac y Piura.

b. Proyectos de saneamiento y educación ambiental con municipios, ONGDs y grupos de base en zonas urbano-marginales de Lima y Piura.

c. Investigación sobre dispositivos para la filtración del agua a nivel intradomiciliario en el Valle de Lurín.

d. Participación en la investigación de la Universidad Peruana Cayetano Heredia (UPCH), sobre la evaluación del rol de la cloración en el control de la epidemia del cólera en el Perú, auspiciada por la OMS.

e. Apoyo técnico al Comité Cívico de Salud del distrito de Chorrillos para el proyecto Salud, Medio Ambiente y Lucha contra la Pobreza (SMALP), auspiciado por la OPS/OMS.

f. Asesoría a la ONGD "CIUDAD" en el diseño de factibilidad de los proyectos que se desprenden de la habilitación de la infrestructura de riego en "Huaycan", Ate-Vitarte.

g. Asesoría a la Dirección General de Salud Ambiental (DIGESA), del Ministerio de Salud, en la elaboración de los términos de referencia para la evaluación del impacto ambiental (EIA) originado por las actividades mineras de la mina Turmalina (Piura).

h. Monitoreo de la calidad del agua, educación sanitaria y diagnóstico sobre la eliminación de excretas en el A.H. San Juan de la Libertad (Chorrillos), dentro del Proyecto Salud Medio Ambiente y Lucha contra la Pobreza de la OPS/OMS.

i. Evaluación preliminar sobre la calidad de fuentes y sistemas de agua potable en la provincia de Tambogrande (Piura), para avanzar en el diseño de propuestas alternativas.

j. Asesoría a DIGESA, para su participación en la reunión de organizaciones gubernamentales responsables del saneamiento y tecnología ambiental en zonas metropolitanas de America Latina (27 al 29 de mayo de 1992, Sao Paulo, Brasil).

k. Elaboración de un diagnóstico sobre los principales problemas ecológicos del Perú en la zona urbana.

l. Apoyo técnico en los Talleres de Planificación Participativa en las comunidades del distrito de Tambogrande (Piura), organizados por la Municipalidad.

m. Organización del I Curso-Taller Nacional: "Los Servicios de Agua en las Ciudades Peruanas: Prácticas de Desinfección y Vigilancia Microbiológica"

n. Estudios de laboratorio de fertilidad y contaminación en compost y harina de lombriz para el Instituto de Investigaciones de la Amazonía Peruana (IIAP), Ucayali.

o. Asesoría al proyecto "Huaycan Verde" para la arborización y expansión de la frontera agrícola en el distrito de Huaycán, Lima.

p. Investigación sobre filtración doméstica de agua con los pobladores de Manchay, Lurín

q. Diagnóstico ambiental del valle del Chillón

r. Monitoreo ambiental del valle del río Lurín

s. Elaboración del programa "Medio Ambiente Urbano: Micro-empresas en Acción"

t. Elaboración de una propuesta de educación ambiental escolar para colegios urbanos

u. Propuestas para el tratamiento de la problemática ambiental en el manejo de cuencas (Consorcio Rímac)

Los integrantes de la OACA como unidad del Instituto de Desarrollo y Medio Ambiente han realizado los siguientes trabajos, que se encuentran documentados en la biblioteca de la OACA:

* Proyecto piloto de recolección de residuos sólidos con métodos no convencionales (Ate-Vitarte, 1987). Este trabajo se realizó con la asesoría técnica del CEPIS.

* Desarrollo de diversas acciones de saneamiento básico: letrinización, educación sanitaria y arborización (San Martín de Porres, 1987-1989).

* Implementación de un sistema de recolección de residuos sólidos con métodos no convencionales en el distrito de San Martín de Porres (1989).

* Proyecto de elaboración de abono orgánico (Compost) con residuos sólidos de mercados (San Martín de Porres, 1988).

* Habilitación del ex-basural "El Monton" en un área recreativa (Lima, 1989-1990).

* **Implementación de un sistema de recolección no convencional de residuos sólidos, reciclaje y micro relleno sanitario de operación manual (Ate-Vitarte, 1989).**

* Estudio de la contaminación atmosférica originada por el relleno sanitario Laderas de Chillon de la ESMLL (1989).

* Diagnóstico de la situación de la limpieza pública en el Cono Norte de Lima Metropolitana, en coordinación con otras ONGs (1990).

* Inventario de los principales proyectos de tecnologías apropiadas (en energías no convencionales, saneamiento básico y construcción alternativa), en la zona norte del Perú (1990).

* Redacción final del Plan Maestro de manejo de residuos sólidos para America Latina, elaborado en la Segunda reunión consultiva de residuos sólidos OPS, (20-22 de Agosto 1990).

* Asesoría al Municipio de Abancay (Apurimac), para la elaboración del estudio de factibilidad para la implementacion de un relleno sanitario (1990).

* Asesoría al Municipio de Huánuco, para en diseno de un sistema integral de trtamiento de los residuos solidos (1990).

* Estudio de la contaminación de las aguas superficiales y suelos por mercurio en la zona alpaquera de Puno (1991).

* Desarrollo de un curso de capacitación en saneamiento básico a promotores de salud a la ONG, Vision Mundial Internacional (1991).

* Asesoría técnica para la evaluación de la contaminación ambiental causada por las actividades mineras, al Centro Orureño de Planificación (COPLA) y a la Universidad Técnica de Oruro (UTO), Bolivia (1991).

* Elaboración de una propuesta para el Programa de Saneamiento Ambiental del Proyecto Salud, Medio Ambiente y Lucha contra la Pobreza en Chorrillos de la OPS (1991).

7. TITULOS DISPONIBLES EN LA BIBLIOTECA

La Biblioteca cuenta con más de 3,000 libros y documentos sobre la temática ambiental y sanitaria registrados en MICROISIS, dentro de los cuales se incluyen los siguientes documentos:

a. Instituto de Desarrollo y Medio Ambiente (OACA-IDMA), et al. "Limpieza Pública - Situación en el Cono Norte de Lima Metropolitana". Lima, 1990. 49p

b. Macht, A.; Alegre Ch., M.. Oficina de Asesoría y Consultoría Ambiental (OACA) e Instituto de Desarrollo y Medio Ambiente (IDMA). "Elaboración de compost con residuos de campos feriales - San Martín de Porres, Lima". Informe técnico final. Lima, 1989. 52p.

c. Aquino P., R.; Camacho H., M.; Llanos N., G. Oficina de Asesoría y Consultoría Ambiental (OACA) e Instituto de Desarrollo y Medio Ambiente (IDMA). "Métodos para análisis de agua, suelos y residuos sólidos". Lima, 1989. 106p

d. CEPIS-OACA. "Recolección de Residuos Sólidos con Métodos no Convencionales". Ficha Técnica. Lima, 1988.

e. Oficina de Asesoría y Consultoría Ambiental (OACA) e Instituto de Desarrollo y Medio Ambiente (IDMA). "Manual de Tecnología Apropiada para el Manejo de Residuos Sólidos". 1992.

f. Catholic Relief Services (CRS) y Oficina de Asesoría y Consultoría Ambiental (OACA). "Microempresa y Medio Ambiente". ed. COPEME. Lima, 1994.

g. Informes técnicos elaborados por OACA:

1992. Principales problemas ecológicos del Perú en la zona urbana
1992. Avances en relación a la aplicación de tecnologías apropiadas para el saneamiento básico
1992. Marco legal vigente en materia ambiental y rol de la DIGESA en la política ambiental del Perú
1992. El saneamiento ambiental en el Perú: situación actual, retos y políticas
1992. Propuesta para el saneamiento ambiental en el distrito de Chorrillos
1992. Plan de agua/eliminación de excretas en San Juan de la Libertad. Propuesta de trabajo para el distrito de Chorrillos.
1992. Terminos de referencia para la evaluación del impacto ambiental (EIA) originado por las actividades mineras de la Mina Turmalina en Canchaque, Piura.
1993. Factores de Uso y Consumo del Agua en Zonas Peri-urbanas de Lima Relacionados con la Propagación del Cólera
1993. Compendio Actualizado de Legislación en Salud Ambiental
1993. Medio ambiente: la Cuestión Urbana
1993. Nuevos Estándares de Calidad del Agua de Bebida: una Propuesta

1993. **Estándares de calidad de las aguas residuales para uso agrícola: una propuesta**

1993. Producción de compost a partir de los residuos sólidos de mercado mediante tratamiento biológico

1994. Saneamiento Ambiental en el Perú 1994: Nuevas Normas de Calidad del Agua Potable. Memoria del Fórum realizado por APIS.

1994. Diagnóstico ambiental del valle del río Chillón (en edición).

1994. Una experiencia de promoción de filtros domiciliarios para la purificación del agua con los pobladores de Manchay (en elaboración)

1994. Monitoreo de la calidad del agua del río Lurín (en elaboración)

c/prest.95

ORGANIZACION CUANTO

HOJA DE DATOS *

I FUNDADORES

La Organización Cuánto fue fundada en Junio de 1988 por el Dr. Richard Webb, ex-Presidente del Banco Central de Reserva del Perú, y la Dra. Graciela Fernández Baca, ex-jefa del Sistema Estadístico Nacional del Perú. La Organización Cuánto está formada por dos personas jurídicas, la empresa **Cuánto S.A.** y el **Instituto Cuánto**.

II MISION INSTITUCIONAL

La organización Cuánto, es una asociación civil peruana dedicada principalmente a la generación, recopilación, análisis y difusión de información estadística. Las principales áreas de investigación son: la economía, las condiciones de vida de los hogares, el funcionamiento de las instituciones y el estado del medio ambiente.

II OBJETIVOS :

- Mejorar los métodos de estimación de la estadística económica y social, haciéndola más precisa, oportuna y aplicable para las decisiones públicas y privadas.
- Generar, recolectar, evaluar, organizar y difundir información cuantitativay cualitativa.
- Desarrollar estudios específicos sobre la realidad económica, social y del medio ambiente.
- Evaluar el funcionamiento de las instituciones públicas y la calidad de los servicios que brindan.
- Ser un medio independiente, no político, de seguimiento y monitoreo de variables económicas, sociales y ambientales.
- Asesorar en el diseño de políticas sociales y de protección del medio ambiente.
- Democratizar el acceso a la información básica dentro del Perú, abaratando costos y presentándola de una forma más accesible.

III CONSEJO DIRECTIVO

Richard Webb
Presidente del Directorio
Ph.D. en Economía de la Universidad de Harvard Ex-Presidente del Banco Central de Reserva del Perú, Profesor Universitario, Consultor Internacional. Actualmente se encuentra escribiendo la historia del Banco Mundial.

* Actualizado a Mayo de 1995.

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Graciela Fernández Baca de Valdez
Directora
Economista y Contadora Pública. Doctora en Ciencias Económicas y Comerciales.
Ex-Jefa del Sistema Estadístico Nacional del Perú y del Instituto Nacional de Estadística. Dirigió el Censo Nacional de Población y Vivienda del Perú en 1981.

Gilberto Moncada Vigo
Gerente General de Cuánto S.A.
Economista, con estudios de Maestría en ILADES/Georgetown University, Chile.
Ex-Director de Indicadores Económicos y Sociales del Instituto Nacional de Estadística.
Profesor universitario.

Jaime Gálvez Delgado
Gerente del Instituto Cuánto.
Economista, con estudios de Economía del Medio Ambiente en la Universidad de Harvard.
Supervisor de la Encuesta Nacional sobre Medición de Niveles de Vida de 1994.
Actualmente encargado del proyecto de monitoreo del medio ambiente en el Perú, auspiciado por el IDRC-Canadá.

V RECURSOS :

4.1 Staff de 37 personas

Dirección	: 04
Encuestas (staff permanente)	: 07
Cómputo	: 04
Base de Datos Económica y Social	: 05
Monitoreo Ambiental	: 05
Edición (Revista mensual y otras publicaciones)	: 05
Seguridad	: 02
Administración	: 05

4.2 Red de Información

Una red de contactos cuyas bases son:

- El trabajo anterior de varios integrantes del personal de Cuánto incluyendo casi todos los directivos, fue en oficinas de estadística, especialmente el Instituto Nacional de Estadística y el Banco Central de Reserva.

- Relaciones de intercambio de información y de publicaciones con proveedores de datos.

- Contacto frecuente de los directivos con los niveles más altos de Gobierno.

- Un censo efectuado por Cuánto de las 105 principales oficinas públicas y privadas de estadística en el país.

- Encuestas a nivel nacional realizadas por la Organización.

4.3 Clientes

La Organización Cuánto es citada con frecuencia como fuente de estadística confiable en los medios de comunicación, asimismo se ha solicitado sus servicios por la Agencia Internacional de Desarrollo (AID), el Banco Mundial, el Unicef, la Confiep, la Iglesia Católica, el Banco Central de Reserva, la Fundación Ford, el BID, el IPSS, Goodyear del Perú, Pontificia Universidad Católica del Perú, FONCODES, PNUD y varias otras entidades nacionales e internacionales como fuente de información. Los directores - Richard Webb y Graciela Fernández Baca de Valdez - son invitados frecuentemente para ofrecer opinión a nivel de Gobierno y en los medios de comunicación.

4.4 Infraestructura y equipo

La Organización Cuánto dispone de dos inmuebles ubicados en Plaza del Ovalo de San Isidro, 203-B y en la Av. Pardo Nº 231, Oficina Nº 101, piso 11, Miraflores. Se cuenta con un moderno Centro de Cómputo equipado con :

- 5 Computadoras 486
- 10 Computadoras 386
- 3 Impresoras Láser
- 4 Impresoras matriciales
- Software moderno.

V TRABAJOS REALIZADOS

5.1 Actividades permanentes

1) Elaboración de un índice de precios al consumidor para Lima Metropolitana. Indice Quincenal desde Enero de 1994 hasta la fecha y continúa. Indice Semanal desde enero de 1989 hasta Diciembre de 1993. Indice diario desde Junio de 1990 hasta Diciembre de 1991.

2) Elaboración y edición de la Revista **Cuánto** desde Enero de 1989 hasta la fecha y continúa.

3) Elaboración y edición del Anuario Estadístico **Perú en Números** (desde 1990).

- **Encuestas de hogares**

- Encuesta sobre Medición de Niveles de Vida, 1990. (ENNIV-90). Lima Metropolitana (1,500 hogares). *Banco Mundial.*

- Seguimiento de la Encuesta sobre Medición de Niveles de Vida, 1990. En Lima Metropolitana (400 hogares). *AID/PERU.*

- Encuesta sobre Medición de Niveles de Vida, 1991. A nivel nacional, (2,300 hogares). *Banco Mundial.*

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- Encuesta sobre Servicios y Gastos en Salud en las ciudades de Puno, Arequipa y Lambayeque. *ABT Associates Inc.* (1991)

- Estudio Demográfico y de la Fuerza Laboral del Valle del Alto Huallaga, Perú. *AID/ PERU.* (1991).

- Encuesta de Hogares sobre Niveles de Vida en el Valle del Huallaga. *AID PERU.* (1993).

- Encuesta sobre Abastecimiento, Consumo, Calidad y Uso de Agua en Hogares (Nivel Nacional). *Ministerio de la Presidencia.* (1994).

- Encuesta de Hogares sobre Medición de Niveles de Vida (ENNIV-94). A nivel nacional, (3,600 hogares). *Banco Mundial - Banco Interamericano de Desarrollo.*

- Encuesta de Hogares sobre Nutrición Materno Infantil en Cajamarca, Piura, Cusco y Lima. *Ministerio de Salud - Banco Mundial,* (1994).

- **Otros proyectos principales**

- Redacción de informes trimestrales sobre la evolución y las perspectivas económicas y políticas del Perú.
  The Economist Intelligence Unit (EIU).
  (Febrero 1989)

- Medición trimestral de precios de bienes y servicios de la canasta familiar para un índice de costo de vida de ejecutivos.
  Business International.
  (Enero 1990 a la fecha)

- Incidencia económica financiera en la importación de 7,500 tm. de arroz blanco pilado, que debieron llegar al Callao el 28 de Febrero de 1990 y llegaron el 21 de Mayo de 1990.
  Monterrey S.A.
  (Febrero 1990)

- Redacción de un informe sobre la situación inflacionaria durante el período 1988-1990
  Monterrey S.A.
  (Mayo 1990)

- Asesoría en relación a un diagnóstico sobre la situación social del país, y la estimación de líneas basales para el monitoreo de los indicadores sociales durante la próxima década.
  UNICEF.
  (Junio 1990) (Renovado en diciembre de 1990 y en junio de 1991)

- Análisis de los resultados de las encuestas de Niveles de Vida de 1985-86 y de junio julio 1990.
  Banco Central de Reserva del Perú (BCRP).
  (Setiembre 1990)

- Diseño y la estimación de índices de costos mineros.
  Instituto de Estudios Económicos Mineros (IDEM).
  (Octubre 1990 - Diciembre 1994)

- Implementación de una Base de Datos Sociales.
  Fundación Ford.
  (Mayo 1991)

- Estimación de una tarifa técnica para el transporte urbano de Lima.
  Asociación de Empresas de Transporte Urbano e Interurbano de Pasajeros de Lima y Callao (ASETUP).
  (Mayo 1991).

- Redacción de un diagnóstico sobre la situación del empleo y los lineamientos de un programa social de empleo.
  Catholic Relief Services.
  (Junio 1991)

- Implementación del Sistema de Información Económica y Laboral (SIEL)
  Confiep.
  (Junio 1991).

- Análisis de las principales variables macroeconómicas con proyecciones al año 1992, y su incidencia en las remuneraciones de los trabajadores de las Naciones Unidas.
  Naciones Unidas.
  (Octubre 1991)

- Estudio demográfico y de la fuerza laboral del Valle del Alto Huallaga.
  AID/PERU.
  (Julio 1991)

- Estudio técnico del transporte urbano e interurbano de Lima Metropolitana con el propósito de calcular el pasaje por rutas y tipos de unidades de transporte.
  Federación de Choferes del Perú (FECHOP).
  (Setiembre 1991)

- Información estadística social y económica del Perú.
  Banco Interamericano de Desarrollo (BID).
  (Noviembre 1991)

- Informe técnico sobre las perspectivas macroeconómicas del país para 1992 y la situación salarial de los médicos del IPSS.
  Instituto Peruano de Seguridad Social (IPSS).
  (Noviembre 1991)

101

- Investigación sobre la situación de las mujeres y los niños del Perú "Mujeres y Niños del Perú: Situación Social"
  UNICEF.
  (Diciembre 1991)

- Estudio Socioeconómico del Perú -sectores sociales-.
  Banco Interamericano de Desarrollo (BID).
  (Marzo 1992)

- Procesamiento y tabulación de la encuesta de hogares sobre Niveles de Vida en el Perú realizada en Octubre-Noviembre de 1991.
  Banco Mundial.
  (Febrero 1992)

- Ejecución de una encuesta para evaluar el sistema de pago a 820 pensionistas de Lima Metropolitana, que cobran en su domicilio, debido a algún tipo de lesión o enfermedad o por avanzada edad.
  Instituto Peruano de Seguridad Social (IPSS).
  (Abril 1992)

- Encuesta a pensionistas del IPSS que cobran en su domicilio en Lima Metropolitana. Gerencial Zonal Sur, Gerencia Zonal Oeste.
  Instituto Peruano de Seguridad Social (IPSS).
  (Mayo 1992)

- Estudio sobre el impacto del Impuesto General a las Ventas en la canasta familiar de alimentos en Lima Metropolitana.
  Empresa de Mercados Mayoristas S.A. (EMMSA).
  (Mayo 1992)

- Actualización del Estudio sobre los Costos Operativos del Transporte Urbano de Lima Metropolitana.
  Federación de Choferes del Perú (FECHOP).
  (Junio 1992)

- Elaboración de un folleto sobre el día Mundial de la Población.
  (FNUAP).
  (Junio 1992)

- Encuesta a pensionistas del IPSS que cobran en su domicilio en Lima Metropolitana. Gerencia Zonal Callao y Cono Norte, Gerencia Zonal Este y Chosica.
  Instituto Peruano de Seguridad Social (IPSS).
  (Julio 1992)

- Estudio sobre el financiamiento de los bancos comerciales a la pequeña empresa.
  FUNDES-Suiza.
  (Agosto 1992)

- Investigación para el mejoramiento de la producción estadística de los sectores sociales.
  Fundación Ford y Otros.
  (Agosto 1992 - Setiembre 1993)

- Seminario Taller sobre el uso del Muestreo en Encuestas.
  ADRA-OFASA.
  (Setiembre 1992)

- Estudio de los Efectos Financieros de los Decretos Leyes 155 y 267.
  Federación de Choferes del Perú (Fechop).
  (Setiembre 1992)

- Actualización del estudio de los costos operativos del transporte urbano de pasajeros en Lima Metropolitana.
  Federación de Choferes del Perú (FECHOP).
  (Octubre 1992).

- Proyecto "Impacto de la Coca en la Economía Peruana".
  Agencia para el Desarrollo Internacional (AID).
  (Octubre 1992 - Setiembre 1993).

- Encuesta de Opinión sobre calidad del Servicio en Hospitales Nacionales.
  Instituto Peruano de Seguridad Social.
  (Noviembre 1992)

- Encuesta de opinión Diaria sobre calidad del servicio en Hospitales y Policlínicos del IPSS.
  Instituto Peruano de Seguridad Social.
  (Diciembre 1992)

- Encuesta de evaluación de la calidad de servicios Tecnillantas Goodyear en Arequipa, Trujillo y Lima Metropolitana.
  Goodyear del Perú.
  (Diciembre 1992)

- Actualización del Estudio de los Costos Operativos del Transporte Urbano de Pasajeros en Lima Metropolitana.
  Federación de Choferes de Lima.
  (Enero 1993)

- Encuesta sobre las necesidades educacionales de las empresas del sector moderno en Lima Metropolitana.
  Pontificia Universidad Católica del Perú.
  (Enero 1993 - Febrero 1993)

- Encuesta sobre la Formación Gerencial en el Perú.
  Consultor AID - Dr. Ernesto Kritz.
  (Enero 1993 - Febrero 1993)

- Estudio sobre las Bases en la que se elaboró la Información Estadística de la Dirección Nacional de Salud del IPSS.
  Instituto Peruano de Seguridad Social.
  (Febrero 1993 - Abril 1993)

- Encuesta de Opinión a Pensionistas sobre la Calidad del Servicio de Pago en Centros Educativos y Banco de la Nación.
  Instituto Peruano de Seguridad Social.
  (Marzo 1993 - Abril 1993)

- Encuesta de Evolución de la calidad de servicios de la competencia de Tecnillantas Goodyear en Lima Metropolitana.
  Goodyear del Perú.
  (Marzo 1993)

- Estudio de Mercado de Cierres Rey en la Zona Comercial de Gamarra (La Victoria).
  Reymatic S.A.
  (Abril 1993 - Mayo 1993)

- Encuesta de Opinión sobre la Situación Económica Social en el II Congreso Nacional de la Cámara de Comercio de Lima.
  Cámara de Comercio de Lima.
  (Mayo 1993)

- Encuesta sobre la Calidad de los Servicios de la Cámara de Comercio de Lima.
  Cámara de Comercio de Lima.
  (Junio 1993)

- Encuesta de Opinión a Empleadores y Trabajadores sobre Transporte No Motorizado.
  Instituto Metropolitano de Planificación (IMP).
  (Lima, 16 de junio de 1993)

- Encuesta de Opinión sobre calidad del servicio en 70 Hospitales y Policlínicos (Nivel Nacional) del IPSS.
  Instituto Peruano de Seguridad Social.
  (Octubre 1993).

- Estimación del PBI del Sector Servicios en el Perú.
  Agencia para el Desarrollo Internacional (AID).
  (Octubre 1993 - Setiembre 1994)

- Estudio del Impacto de la publicidad de Cierres Rey en la Zona Comercial de Gamarra (La Victoria).
  Reymatic S.A.
  (Noviembre 1993)

- Encuesta de evaluación de la calidad de servicios Tecnillantas Goodyear en Arequipa, Trujillo y Lima Metropolitana.
  Goodyear del Perú.
  (Enero 1994)

- Encuesta de Evolución de la calidad de servicios de la competencia de Tecnillantas Goodyear en Lima Metropolitana.
  Goodyear del Perú.
  (Marzo 1994)

- Proyecto de Observación del Medio Ambiente.
  Centro Internacional de Investigación para el Desarrollo.
  (En ejecución. Duración 2 años).

- Asesoría a la Sección Economía del diario "EL COMERCIO"
  (Junio 1994 - Junio 1995).

- Situación de los Inmuebles de propiedad del IPSS.
  Instituto Peruano de Seguridad Social (IPSS).
  (Agosto 1994 - Octubre 1994).

- Formulación de un Sistema de Información para la Inversión del Sector Privado : Información Priorizada de Fuentes.
  CONFIEP-USAID
  (Setiembre 1994).

- Evaluación Ex-Post de 46 proyectos financiados por el FONCODES.
  Fondo Nacional de Compensación y Desarrollo Social (FONCODES).
  (Setiembre 1994 - Noviembre 1994).

- Encuesta a directores y profesores de 420 escuelas en Lima y Cusco, dentro del proyecto mejoramiento de la calidad educativa. GRADE-Ministerio de Educación
  (Noviembre 1994 - Diciembre 1994)

- Estudio de Opinión sobre la Corporación Andina de Fomento (CAF).
  Consultores 21 (Caracas - Venezuela)
  Diciembre 1994.

- Estudio sobre determinación de la canasta básica de consumo y estimados de pobreza en el Perú.
  UNICEF.
  (Noviembre 1994 - Diciembre 1944).

- Procesamiento de tabulados básicos de la Encuesta sobre Medición de Niveles de Vida de 1994.
  Banco Mundial.
  (Diciembre 1994 - Enero 1995).

- Encuesta de Opinión sobre aspectos Tributarios
  SUNAT
  (En ejecución)

VI PUBLICACIONES :

Cuánto

Revista mensual de 48 páginas, para el público no especializado. Se publica, sin interrupción hace 38 meses y se distribuye en kioskos, y por suscripción.

Perú en Números

Anuario Estadístico, publicado en 1990, 1991, 1992, 1993 y 1994 (en elaboración). El de 1993 contiene 750 páginas, mapas y fotos en color, índices y glosarios y un directorio de las fuentes estadísticas del Perú.

Estadísticas para CADE 88, *(1988)*

Libro con información histórica sobre las conferencias anuales de empresarios en el Perú, así como sobre la economía.

Cuánto: Un Balance del Proceso de Desarrollo, *(1989)*

Libro con datos y comentarios sobre los principales indicadores del desarrollo económico y social.

Indicadores del Desarrollo, *(1990)*

Libro para el uso de los Gobiernos Municipales como manual en relación a los problemas de salud, agricultura, vivienda, etc.

Ajuste y Economía Familiar 1985-1990, *(1991)*

Libro que analiza tres encuestas de hogares sobre Niveles de Vida (ENNIV) en Lima, las de 1985-86, de junio 1990 y de noviembre 1990, para medir los efectos de la crisis sobre el tamaño y la estructura de los presupuestos familiares y sobre el comportamiento escolar, de salud, etc.

Mujeres y Niños del Perú: Situación Social, *(1992)*

Libro sobre la situación socio-económica de los niños y mujeres del Perú.

Niveles de Vida: Subidas y Caídas - ENNIV 1991, *(1993)*

Libro de análisis sectorial socioeconómico, a partir de los resultados de la encuesta nacional sobre medición de niveles de vida (Octubre - Noviembre 1991).

¿Cómo Estamos?

Revista Trimestral de Análisis Social. Números: 1 (Abril-Junio 93), 2 (Julio- Setiembre 93), 3 (Octubre- Diciembre 93), 4 (Enero-Marzo 94), 5 (Abril - Junio 94), 6 (Julio - Setiembre 94).

El Mapa de la Inversión Social, *(1994)*

Libro que presenta los indicadores sociales que definen los niveles de vida de las distintas áreas geográficas del Perú, así como los recursos asignados por FONCODES.

ANNEX D. ENVIRONMENTAL LAW AND POLICY FRAMEWORK

I. The Peruvian Constitution

A new Peruvian Constitution was adopted on October 30, 1993, replacing one enacted in 1979. The Constitution did not provide many significant, specific legal environmental norms, but it may mark a new change in the concept of environmental protection in the country.

A. A Human Right to Environmental Protection

Article 2(22) of the Constitution includes a provision that confirms the human right to an "ecologically balanced environment adequate for the development of life." This is an improvement over the 1979 Constitution, in that it includes this right in the list of basic rights belonging to the individual, as opposed to the chapter relating to economic development. On the other hand, the former Constitution's wording was clearer in requiring the protection of a healthy environment and the prevention of environmental deterioration.

B. Political Commitment to Environmental Protection

Article 67 of the Constitution makes a political commitment for protection of the environment by the government. Compliance with this article will require a coherent national plan, which in turn requires a national environmental authority. Article 67 is also important because it contains the first Constitutional endorsement of the concept of sustainable use and development in Peru. It explicitly confirmed the State's obligation to promote sustainable development, providing an important political commitment to this issue.

The first step in fulfilling this political commitment in the Constitution has been the creation of the Consejo Nacional del Ambiente (CONAM). How well the CONAM will be able to develop and implement a national environmental plan will depend on the creation of clear rules establishing the environmental authority of this entity.

Article 68 of the Constitution makes a similar political commitment that the State will protect and conserve biological diversity and natural resources. This would seem at a minimum to require a law designed to conserve biodiversity and integrate principles of conservation and protection into laws addressing natural protected areas.

There are several efforts now that add to the likelihood of a national law on biodiversity and natural areas. A draft has been presented to the Congress, although there has not been adequate consultation with the public. On the other hand, the Instituto Nacional de Recursos Naturales (INRENA) within the Ministry of Agriculture, which is responsible for such matters, now seems to have the political will and the capacity to design a new law. Some of this political will may be linked to efforts by the Amazonian Parliament -- a group comprised of the countries in the Amazon Basin -- to promote the development of legislation protecting biological diversity in the region.

C. Ownership of Natural Resources and Property

The new Constitution changed the terms of ownership of natural resources. The previous Constitution expressly stated that natural resources were national patrimony owned by the State. The new Constitution still maintains that natural resources are the patrimony of the country, but it does not explicitly state that the resources are to be owned by the State. The Constitution also expressly allows the granting of concessions by the government, without specifying what, if any, public rights should be retained when these concessions are given. This has led to several conflicting interpretations and strong debate in the context of laws defining the use of forests, water and other natural resources. For example, current drafts of an Organic Law for the Use of Natural Resources pending in the Congress would allow the complete transfer of natural resources to private parties. The Sociedad Peruana de Derecho Ambiental (SPDA), the leading independent Peruvian environmental law organization, has argued that these drafts are unconstitutional and has been successful in slowing their adoption.

Chapter VI of the Constitution also has profound effects on the ownership of agricultural land, particularly by native communities. The Constitution potentially weakens the rights of communal property ownership, prevalent in traditional communities. By eliminating the prohibition on alienability and proscription of communal lands, the Constitution may have weakened protection for traditional land uses and rights. The possibility of proscription raises serious issues about when property is "abandoned", particularly in agrarian or native communities. The standard for abandonment is not clear from the Constitution and it needs to be defined legally in a way that recognizes traditional land use patterns. Presently, for example, the agrarian standard for abandonment is that the owner has neglected the land for two consecutive years; this has been applied unjustly in the case of native communities.[1] The new Constitution is presumably intended to provide more opportunities for agrarian and native landholders to sell their property or obtain credit, but it will be counterproductive if it allows the indiscriminate conversion of traditional lands.

Article 2(4) of the Constitution recognizes the rights of all persons to freedom of information, opinion and expression without prior authorization or censorship. This right is restricted for protection of public morals or public order, which could be interpreted to restrict public demonstrations against development projects. Article 2(5) provides for the right to information from any public body without the need to justify the information request. Restrictions apply in the case of infringements on rights to privacy, for reasons of public security, or at the discretion of the legislature.

In other provisions of the Constitution, the right of private property is guaranteed by the State. It will only be expropriated for reasons of national security, and then only following certain procedures that will be developed. There are no recognized rights of expropriation for protection of health, environment or conservation.

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[1]Decreto Legislativo 653.

II. The Environmental and Natural Resources Code of 1990

The Environmental and Natural Resources Code, enacted in September 1990, was expected to establish a national environmental legal framework for Peru. Less than a year after it was enacted, however, the Environmental Code was significantly weakened by several regulations designed to promote private investment. For example, the Law for the Promotion of Investments in the Agricultural Sector[2] abrogated Article 71 of the Environmental Code, which prohibited the development of energy or non-renewable natural resources within protected natural areas. The most debilitating modifications were introduced by the framework law for the promotion of investments in the private sector.[3] The private investment law eliminated the environmental impact assessment (EIA) requirement for certain activities and delegated to each sector ministry the power to determine which activities in its sector required an EIA. The law also identified the sector ministries as the "environmental authority" responsible for issuing environmental standards or maximum allowable limits for its sector.

In the first three years after the Environmental Code was modified, the sector ministries established hardly any environmental standards nor clear requirements for EIAs. This has begun to change in the last two years, as the Ministry for Energy and Mines (MEM) and the Ministry of Fisheries, in particular, have begun to issue some environmental regulations. These regulations tend to reflect the broad approaches approved in the Environmental Code. Although this Code included potentially important sections, the most important for the current state of Peru's environmental policy are: (1) the Code's reference to an environmental authority, (2) requirements for environmental impact assessments, and (3) environmental standards to be met through environmental plans.

The Environmental Authority. The 1990 Code contemplated the creation of an environmental authority, which never occurred. The 1991 Private Investment Law formally defined each sectoral ministry as being responsible for implementing the Environmental Code for activities related to that ministry.[4] Where a facility falls within two or more sectors, the facility's environmental oversight will be by the ministry governing the sector where the facility receives its highest gross income. This fragmentation of environmental authority among different sector ministries led directly to the fractured approach now seen in Peru.

Environmental Impact Assessment. Originally, the 1990 Code listed specific activities that required an EIA, including, for example, irrigation projects, highway construction, oil pipelines and mining activities. However, the Private Investment Law superseded this provision and left to the competent sectoral ministry the authority to determine which activities within their

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[2]Legislative Decree No. 653.

[3]Legislative Decree No. 757.

[4]Private Investment Law, Legislative Decree No. 757, Article 50.

sector were likely to harm the environment and thereby require an EIA.[5] The EIAs are supposed to ensure that proposed activities will not surpass the permissible environmental pollution or damage standards or limits set by the sectoral ministries. They are also required to be registered with the sectoral ministry and are to be conducted by duly qualified and registered companies or institutions. Each sectoral ministry is supposed to create a registry of competent companies or institutions.

III. Sectoral Approaches to Environmental Law and Policy

A. Mining Law and Environment

The primary environmental legislation for the mining industry is contained in a general mining law passed on May 1, 1993 (Supreme Decree 046-93-EM). The MEM regulations established a long-term effort to improve the environmental record of the sector. The regulations include a monitoring and auditing requirement as well as requirements for the establishment of environmental management programs.

1. Auditing and Monitoring. The first major environmental requirement for the mining industry started with a requirement that by January 20, 1994, all mining companies in Peru had to submit an affidavit, approved by an independent consultant registered with the MEM, that listed all liquid, solid and gaseous emissions or discharges. Mining operations must now conduct regular monitoring of air and water emissions and provide an annual report of their emissions to the MEM. Protocols detailing acceptable methods for monitoring the air and water emissions were published on February 28, 1994, and the first reports were due in March of 1995. Over 50 percent of the mining companies complied.

2. Registering Consultants. The MEM provided a list of 24 registered environmental auditors and approximately 50 local and foreign companies were licensed to conduct environmental impact studies. The registered auditors are the only consultants who can review and certify the reports of the mining industry. According to Carlos Soldi, a member of the CONAM and one of the MEM-registered auditors, any auditor who falsifies the report can be shut down by the MEM.

3. Setting Standards. The MEM has set its own standards for air and water discharges. These standards are being translated right now into specific norms for specific plants. The MEM did not coordinate with other ministries, particularly the Ministry of Public Health, in developing these standards. This is partly because the other ministries would cause delay and make the situation less clear. As a result, however, the standards that were set may not adequately protect public health and they certainly do not reflect any national policy towards what is acceptable risk.

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[5]The 1991 Private Investment Law, Legislative Decree No. 757, Article 51.

4. Environmental Management Programs. Once the MEM has set appropriate standards, then the companies must submit environmental management plans (PAMAs). Mines will have five years and smelters 10 years to implement their PAMAs. The plans are supposed to be made public, but there is currently no mechanism for obtaining such information.

5. Environmental Impact Assessments. For new projects or expansions of existing projects the MEM requires environmental impact assessments. Companies must submit the EIA and if they are not rejected in 45 days, then the EIA is considered accepted. Most EIAs will also include what is the equivalent of the PAMA, because the new facilities will have to meet the set standards. According to SPDA, the EIA provisions fail to allow for effective citizen participation in the EIA, nor do they require the EIA's findings to be considered in future decision-making by management. There is limited public access to the EIA.

Analysis: The situation with the MEM illustrates several major issues facing Peru. By most accounts, the MEM is taking the lead in a serious effort to adopt and implement an environmental law and policy system. The mining industry wants clear norms and standards to facilitate foreign investment and privatization. This has led to a fairly comprehensive and cooperative effort to set standards and implement them over a relatively reasonable time in ways selected by each company. Although the close relationship between the MEM and the mining companies has led to a cooperative approach to environmental policy, there are signs that this relationship may also impede some environmental protection goals. Most independent observers believe the ten-year period for meeting the PAMAs in smelters is far too long.

B. Petroleum Development and the Environment

The Organic Law for Hydrocarbons (Law No. 26221) was passed on October 13, 1993. It contains some general provisions requiring companies in this sector to comply with any environmental provisions that are subsequently passed. For example, companies working in the hydrocarbon area are required to conduct environmental impact studies. Also, detailed environmental standards for the sector will be prepared.

C. Legislation Regarding Energy

1. Regulation of Hydrocarbon Development

Companies exploring or developing hydrocarbon resources may either receive licenses from the government, which transfer ownership of the resources to the company, or service contracts, which provide only a payment for the physical production of hydrocarbons. In either event, companies are covered by the Organic Law for Hydrocarbons passed on October 13, 1993. It contains some general provisions requiring compliance with subsequent environmental provisions. For example, companies that exploit hydrocarbon resources are responsible for their emissions and their waste disposal; they are required to meet established ambient environmental standards, to report annually their compliance with environmental legislation, and to conduct environmental impact assessments.

Before beginning to explore or develop hydrocarbon resources or before expanding such activities, owners must conduct and submit an Environmental Impact Study (EIS) or a Preliminary Environmental Impact Study. These studies must include: a baseline study of the environment around the project; a detailed description of the proposed plan; a description and technical evaluation of the foreseeable direct and indirect impacts on the physical environment; a detailed Environmental Management Plan (PAMA); and a plan to abandon the area. The EIS must also consider methods for preventing or mitigating negative impacts on the social, cultural, and economic welfare and health of the native communities.

Approval of the EIS is the responsibility of the MEM's Department of Hydrocarbons with only the prior evaluation and advice of the MEM's Environmental Department. One potential problem with the current regulations is that for activities that take place in protected areas, the regulation only requires the MEM's Department of Hydrocarbons to coordinate with the agency responsible for managing the specific area, in order to agree on the requisite fines for activities that are approved. This regulation thus does not appear to meet the requirement for prior consultation before approving activities that could impact native community territories.

2. Environmental Regulations for Electricity-Generating Activities

A specific regulation of the MEM covers EIS requirements for activities relating to the production and distribution of electricity. At least three aspects of this regulation deserve special mention.

First, the regulation foresees that the activities will affect native and peasant communities, and requires the licensees to take measures to prevent or mitigate negative impacts on the social, cultural, and economic welfare or health of the population.

Second, another article requires that licensees operating within protected natural areas must coordinate with the competent authorities to comply with the legal norms for those areas. The wording of the article results in some ambiguity, because it arguably only requires the "coordination", not the approval of the competent authorities. Yet under another provision, plans that can affect protected areas must receive the prior approval of the Ministry of Agriculture (in which is located INRENA, the agency responsible for managing protected areas).

Third, the regulation also requires the adoption of PAMAs and contains a title about environmental quality. These articles require all applicants for concessions or permits to consider all potential effects of their electrical plans on the quality of the air, water, land and natural resources. The design, construction, operation, and abandonment of the electrical schemes must be carried out in a way that minimizes the harmful impacts. For example, such activities can not severely affect the biodiversity of the area, harm rare or endangered plants.

D. Fishery Legislation

Until 1994, there was no environmental authority whatsoever in the Ministry of Fisheries (MOF). At first, the MOF created a temporary environmental directorate, which was made permanent in 1994. The Environment Directorate is under the Dirección General para Extracción. It has limited technical and financial capacity. For example, it reportedly used interns to review the recent PAMAs submitted by the fish meal industry, and it must rely completely on USAID-funded consultants to write new monitoring protocols and standards.

Under the fisheries law, new projects have to be preceded with an environmental impact assessment and existing plants had to develop PAMAs by December 14, 1994. The only standards that existed at that time were public health based, ambient standards set by the Ministry of Public Health. These were nationwide ambient standards for coastal areas. Prior to the time when the standards were set, the MOF was not going to set any separate emission or discharge standard for the industry, saying instead that each company could set their own standards and write a plan to meet them. As a result, the original PAMAs were not linked to clear performance goals or public health standards.

Moreover, the MOF registered, but did not screen, the consultants that could be used to develop the PAMAs. As a result, many consultants appeared, offering to do complete PAMAs for as little as $500. Many of the PAMAs were simply inadequate. The government did not want to reject these PAMAs completely, however, because this would upset industry and the consultants, so instead they created a supplemental form. Every facility had to provide the information in the form, if it were not already in the PAMA. This was impossible for some companies, because it required additional discharge data that had not been collected. Many companies also simply refused to file the additional information, perhaps in part because there was no penalty attached to the failure to submit the supplemental form.

On December 15, 1994, the day after the PAMAs were due, the MOF issued national standards for the fish meal industry. The MOF also gave the companies until July 15, 1995, to achieve compliance with the standards, or essentially to implement the PAMAs. This raised several problems. First, the PAMAs had to be developed **before** the standards were even announced. Second, in some cases meeting the standards was technically impossible in the short period given for compliance. Third, the standards were not scientifically based on parameters relevant to the industry or local conditions. The standards were reportedly based on information gathered in a study done in Chimbote (financed by GTZ and the MOF). There was no effort to set the standards according to local conditions, including the assimilation capacity of the region or the amount of other potential contributors to the pollution.

Analysis: The Ministry of Fisheries approach to the fish meal industry exemplifies what can go wrong with unreasonable and politicized efforts to enforce environmental standards. The problem is not that the MOF has proceeded to set clear standards and asked industry to comply. Indeed, the pollution from the fishery industries presents a severe problem to Peru's unique and valuable coastal resources. The problem has been that the

Ministry has not taken a reasonable approach to assuring compliance. Industry has reportedly not been consulted on the establish-ment of the standards or the timetable for implementation. Moreover, the MOF has set two unrealistic deadlines in this process, both of which only exacerbate the confrontation. First, the MOF requested that PAMAs be submitted before they had established any meaningful discharge standards. Secondly, the MOF required reporting of information before it had developed a protocol and clear requirements for what the report should include. Finally, it set an unrealistic six-month period for compliance with the PAMAs, which no independent observers believed was reasonable under the circumstances. To make matters worse, the MOF does not have the technical capability necessary to make reasoned decisions, and they have lost much credibility on the issue.

Industry on the other hand is also not blameless. Unlike in the mining sector where serious privatization concerns have motivated the major players in the industry to support environmental regulation, the fishery industry is more fractious and confrontational. Some independent observers believe the industry has "dragged its feet" and flouted environmental concerns. Given this attitude, the MOF's heavy-handed approach is understandable, if not particularly effective.

Aquaculture. Aquaculture is defined in the General Law of Fishing as the cultivation and production of aquatic species, through selecting or controlling some or all of the biological cycle, whether in natural or artificial aquatic or marine environments. The MOF is charged with awarding aquaculture activities on private lands. It shares some authority with other ministries; for example, the Ministry of Defense grants concessions for the use of seas, rivers and navigable lakes, and the Ministry of Agriculture authorizes the use of water for aquaculture as well as other fishery activities in the freshwater river basins and irrigation districts. Aquaculture concessions typically are limited to ten-year terms.

E. Agriculture

Within the Ministry of Agriculture, the agency responsible for environmental protection is INRENA.

1. Forestry

Forestry issues are primarily addressed in the General Directorate for Forestry, which is in INRENA. Unfortunately, the Director General for Agrarian Issues, directly under the Ministry of Agriculture, has authority to issue concessions for timber cutting, and it rarely coordinates with INRENA's efforts to designate protected areas. In 1993, President Fujimori stepped in to stop further granting of forestry concessions until such time as there was a new law (which is still being debated).

The primary law relating to the management of forest resources is the Forestry and Wild Animal Law. This law established public dominion over the forest and fauna resources and there are no limits on the State's ability to create norms, regulate, control, or

conserve the flora and fauna resources. The law also established the form for timber licenses granted by the Ministry of Agriculture. These license are nontransferable and renewable for up to ten years. Licenses can be for as much as 100,000 hectares, if they are accompanied by prior payment of the land tax and a technological or economic feasibility study. The Ministry can also issue licenses for smaller timber operations of up to no more than 1000 hectares. These smaller licenses last from two to ten years. Some enterprises have reportedly sought to obtain a number of these smaller licenses, thus avoiding the stricter application and management requirements of the larger licenses.

The law declared reforestation a national priority and empowers the Ministry of Agriculture to restrict logging in specific areas for purposes of reforestation and conservation. Subsequent regulation called for the classification of lands according to their suitability for timber, as well as their importance for wild flora or cultural or scientific values. Other decrees set forth regulations for the exploration and evaluation of forestry resources, as well as for the exploitation of forests by native communities.

Because of concern over management of the forests and the recognized need for a new forest management scheme, the granting of forestry contracts was temporarily suspended by Supreme Decree 051-92-AG. A subsequent decree (Supreme Decree 010-95-AG) repealed this suspension and allowed forestry contracts. In the meantime, several new forestry law proposals have been debated in the Congress. The new Forestry Law, when it is finally enacted, will probably result in a better classification of forest lands, clarify the terms for privatization and utilization of forest resources, require forest management plans, and require the formation of administrative groups for each forest. Passage of a new Forestry Law is expected within the year.

2. Conservation of Wildlife and Biodiversity

The Regulation of Conservation of Wild Flora and Fauna regulates and controls the conservation of wild fauna, including the regulations for hunting or capturing wild fauna. In this regard, the regulation establishes the following categories:

a) Species on their way to extinction: Those species that are in immediate danger of disappearing and whose survival is impossible if current conditions continue;

b) Threatened Species: Those species excessively hunted and pursued, or facing habitat destruction or other factors, that make them likely to "graduate" to the above category of endangered species;

c) Rare Species: Those species having small or localized natural populations or unique characteristics that could make them vulnerable to extinction in the future;

d) Species in Undetermined Situation: Those species where there is not sufficient knowledge to place them in any of the above categories, but which nonetheless require

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some protection; and

e) Species not in Danger: Those species that are not in any of the above categories and thus are not threatened.

The rule also regulates hunting, providing requirements for licenses, restrictions on firearms and other manners of hunting. The regulations differ depending on whether the hunting is for subsistence, sport, commercial purposes, health, or science. Special provisions also apply to hunting in game preserves, which are wildlife management areas on public lands especially designed for sport hunting. Currently there only exist two game preserves in Peru: the Angola Game Preserve in the Department of Piura and the Sunchubamba Game Preserve in the Department of Cajamarca. Still other provisions apply to so-called community reserves, which are managed for the benefit of bordering populations that have historically survived by subsistence hunting. The Supreme Decree also regulates zoos.

3. Natural Protected Areas

INRENA. The system of natural protected areas is administered by INRENA, a quasi-independent body in the Ministry of Agriculture. Substantial funding for natural protected areas may be available through PROFONANPE, a fund established with support from the Global Environmental Facility and other international donors.

The regulation of different protected areas dates to a 1977 Supreme Decree. This regulation implements Chapter II of Title II of the Forestry Law, which referred to the development of several different types of conservation units: national parks, national reserves, and historic sanctuaries. The regulation established all relative uses for scientific investigation, tourism, recreation, and other uses allowed in the management plans.

Despite the classifications established in 1977, until 1990 there were no special rules tied to the different classifications. Nor did Peru have any clear national plan for managing and developing their protected areas. A 1990 Supreme Decree created the National System of Naturally Protected Areas by the State (SINANPE), that includes national forests, protected forests, community reserves, game preserves and other categories of national lands established in the Ministry of Agriculture for conservation purposes.

A more recent change in the laws relating to national protected areas came with the 1991 Law to Promote Investments in the Agrarian Sector. This law repealed Article 71 of the Environment and Natural Resource Code that prohibited the development of energy resources or the exploitation of natural resources within protected natural areas. Although some commentators still believe that the sector ministries must still confer with INRENA before permitting exploitative activities, not all of the sector ministries clearly agree.

F. Water Legislation

1. Water Use and Conservation

The General Water Law dates to 1969. The law sets a general framework for the use of water, although it has only a few provisions relating to water quality. The law asserts public ownership over water, and vests authority to issue water rights in national and regional water authorities. Water is allocated according to the following hierarchy of uses: (1) for drinking water and other consumptive needs; (2) for the rearing of animals; (3) for agriculture; (4) for energy, industry and mining uses; and (5) for other uses. The order of preference for the last three categories can change according to the given water authorities plans or priorities. In addition, within each category, there are additional lists of preferences that guide allocation among different users. Depending on the use and the given water authority's priorities, water rights may be temporary or permanent. The system has been criticized for leaving substantial discretion in the hands of the water authorities, and the World Bank is supporting a current effort to reform the water rights system.

The conservation of water is treated in Chapter I of Title II of the General Water Law. The water authority is responsible for reducing water loss from dredging, percolation, evaporation, inundation or inefficient uses. Irrigation districts are obligated to inventory and measure their water resources and uses. The Water Law and Regulation also sets forth the standards for determining when a water right must be forfeited for "waste" or inefficient uses.

2. Water Quality

The preservation of water quality is regulated primarily in Chapter II of Title II of the General Water Law and in Chapter II of Title II of the Regulation of the General Water Law. The law prohibits the disposal of any residue, solid, liquid, or gas that can contaminate water, causing damage or harm or endangering the health of humans or flora and fauna. The Regulation also prohibits dumping in the maritime or terrestrial waters of the country, without the approval of the sanitary authority. Discharges are allowed when the enterprise has:

- conducted the necessary pretreatment;
- purchased the rights to the natural processes of purification;
- purchased the rights to disposal that does not cause damage to another use; or
- in other cases that the Regulation authorizes.

The regulation also requires industry located in the coastal zone to maintain the hygiene of the beach zone, and prohibits them from disposing of oils, waste, and any other waste material. Provisions in the General Water Law also apply to certain specific activities, for example, mining. The Water Law requires the disposal of mining residues in special areas or "rewashing pits" filled with the necessary elements to control and secure the wastes in a way that will avoid contamination of water or agricultural lands.

Several provisions in the Environment and Natural Resources Code also address water pollution discharges. Article 108, for example, establishes that the State must regulate waste water and establish zones where waste water discharges are prohibited. Article 110 recognized the rule set forth in the General Law and Regulation on Water that requires industries to discharge in public sewage systems with the prior approval of, and following the rules set by, the competent authority.

G. Waste Legislation

There is no general law of waste management in Peru. Peru has ratified the Basel Convention on the Transboundary Movement of Hazardous Wastes.

H. Public Health Legislation

The environmental legislation of the health sector is based on the 1969 Sanitary Code. The standards of the Code establish that the right to health is an important juridical right. The law also established the Ministry of Public Health as the only competent agency having national jurisdiction over health. The Sanitary Code includes provisions referred to as the environmental sanitation laws that address: the quality of the air, water, land and waste; the hygiene of food processing enterprises; the control of pests and vermins; and the regulation of chemical or physical products harmful to human health.

I. Tourism Legislation

Peru's interest in developing ecotourism is reflected in the legislation for the Tourism Sector for Ecotourism, which declared national interest and dependence on development of ecological tourism. The standard defines ecotourism as activities oriented to create conscience about the protection and conservation of the environment and of the natural resources existing in the country. The emphasis on ecotourism highlights the importance of conservation for economic and recreational opportunities. The importance of ecotourism was highlighted again in Article 56 of the Framework Law for Private Investment, which empowered the government to lease or grant rights to land for ecotourism projects.

Under the direction of these laws, the Ministry of Tourism has created a special zoning plan for National Tourist Reserves. The National Tourist Reserve Zones include areas of natural beauty or of cultural or scientific importance to the country. Tourism that fosters or promotes the socioeconomic development of the country and the conservation of the resources is allowed. National Tourist Reserve Zones are divided into different categories: the National Tourist Reserve, the National Tourist Park, and the National Tourism Center. Each may have different management standards.

J. Industry Legislation

For the past twenty years there has been the equivalent of a land use law to control the location of industry, but it has never been enforced and today companies and industry are located [illegible] over the country. There is a new law to deal with this problem, but enforcement is unlikely. There is confusion between the role of the Ministry of Industry and the local governments, which do not have clear authority to enforce the location of industrial enterprises. The problem is exacerbated by the fact that the location of a factory in a peri-urban area may also result in the provision of other basic services, such as electricity and water for squatters that move next to the factory.

The 1982 Law of Industries requires industrial enterprises to develop their activities without affecting the environment or altering the equilibrium of the ecosystems. Otherwise, the industrial enterprises are obligated to modify or move their plants. A multi-sectoral commission for the relocation of industry is currently working on criteria for location of industrial enterprises in compatible commercial zones.

K. Legislation Regarding Transportation, Infrastructure and Construction

The Ministry of Transportation, Housing and Construction has a General Directorate of the Environment, which currently has two primary responsibilities: it administers the EIA requirements for the construction of roads (the only EIA requirements thus far issued by the Ministry) and is implementing a major pilot project for re-use of waste to grow trees. As part of a transport improvement loan, the World Bank is providing support to the Ministry to build its capacity to review the environmental impacts of projects undertaken by the loan. The Ministry must also obtain the approval of the Ministry of Agriculture before constructing any roads within protected areas.

L. International Treaties

Andean Pact. Peru is currently a member of the Andean Pact, which is a regional trade bloc that has some authority to recommend trade-related laws, including some environmental law, to its member countries.

Amazonian Parliament. Peru was readmitted to the Amazonian Parliament in February 1993. The Parliament seeks to enhance cooperation between member states with regard to the sustainable development of Amazonia. The Parliament establishes resolutions aimed at harmonizing and improving laws relating to indigenous rights, the environment, or other trans-Amazonian issues.

IV. Citizen Rights, Participation and Access to Information

A. Citizen Participation

Improving environmental management and policy in Peru will require establishing mechanisms for citizen participation and enforcing the right of access to information. Transparency is critical for reducing corruption and for building confidence in the private sector that the public administration of the laws will be fair and objective.

Current public policy has established some new mechanisms for citizen participation, such as the power to revoke the mandates of mayors or judges, or to launch an initiative for Constitutional reform. Although vital for a functioning democracy, these grand citizen rights are not necessarily the most appropriate for regular participation in policy dialogue or for resolving conflicts in environmental matters.

A great limitation on the exercise of mechanisms for citizen participation is the centralization of environmental jurisdiction in the Executive, and thus regional, as well as, local governments, have limited jurisdiction. Citizens must therefore go to the central ministries, located in Lima, in order to participate in policy dialogue or to resolve conflicts. Lima is difficult to get to for the great majority of Peruvians, which greatly impedes active participation.

B. Access to Environmental Information

Although the 1993 Peruvian Constitution recognizes a right to access information, there are no regulations or procedures guiding public sector employees in making information publicly available. As a result, no systematic process exists for NGOs and others to obtain information that the government may have collected. Even where a law may require that an environmental management plan (PAMA) be made public, for example, there is no routine way of obtaining that information or of enforcing the right. In many instances, this leads the public sector officials to limit access to the information, leaving a judicial action to compel disclosure of the information the public's only recourse. Recently, for example, SPDA asked MEM for some information regarding a mining company's tailings pile, and after being refused, filed suit against the MEM. SPDA lost the case at the trial level and has appealed it. Difficulty in accessing information also exacerbates many conflicts, because citizens and others are forced to rely on indirect, and sometimes less reliable, sources of information.

C. Gathering and Organizing Environmental Information

Current environmental laws and norms are divided among the different sectors. Every ministry that has some authority over areas relating to the environment have issued relevant resolutions, norms or regulations. Many of these rules were recently compiled in the Ministry of Public Health's new publication *Compendio de Legislación Ambiental Peruana*. The compendium is quite useful, but SPDA probably has the most comprehensive and well organized index to the laws. Their database is organized by date, institution and subject matter.

ANNEX "E"
Environmental Threshold Decision

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

LAC-IEE-95-32

ENVIRONMENTAL THRESHOLD DECISION

Project Location	:	Peru
Project Title	:	Sustainable Environmental and Natural Resources Project (SENREM)
Project Number	:	527-0368
Funding	:	$11.885 million
Life of Project	:	5 years (FY95-2000)
IEE Prepared by	:	Edilberto Alarcon, MEO
Recommended Threshold Decision	:	Categorical Exclusion for Legal, Regulatory, and Policy Framework Component; Categorical Exclusion for Public Awareness Component; and Categorical Exclusion, Negative Determination, or Deferred Determination for Small Demonstration Projects (see Table I of IEE).
Bureau Threshold Decision	:	Concur with recommendation with the following comments and revisions:

Comments:

A Categorical Exclusion is issued, as stated in attached IEE, for components 1 and 2.

For component 3, Small Demonstration Projects, categories of activities with their corresponding recommended threshold decisions are listed in Table 1 of the IEE. The activities with Deferred Determinations, as well as some of the EIA activities, may have significant effects on the environment, however, with the implementation of mitigation measures and close monitoring, the impacts should be only positive. To ensure that significant negative impacts do not occur, and mitigation measures and monitoring are designed for activities that may require these measures, the Mission Environmental Officer (MEO) shall be responsible for reviewing Small Demonstration Project proposals and EIA proposals, developing site-specific mitigation

ENVIRONMENTAL THRESHOLD DECISION (cont'd.) **LAC-IEE-95-32**

measures for unavoidable impacts, and developing monitoring plans. If a significant negative impact could foreseeably occur, even with these mitigation measures, an amended IEE for that specific case should be submitted to LAC CEO. Categories of activities listed in Table 1 of the IEE that are categorically excluded are exempt from the above described MEO review. However, categories of activities for which the mission recommended a negative determination, Microenterprise Afforestation and Soil Degradation, are instead, granted a Deferred Determination, and should be reviewed by the MEO as described above.

The following EIA proposals will require additional review by the MEO, who should develop as described above, mitigation and monitoring measures, as necessary, to minimize environmental impacts:

--Paracas Fishmeal Industry Pollution Prevention
--Mining Effluent Reduction on Lake Junin
--Microenterprise Solid Waste Management

If MEO determines that an EIA activity may result in significant negative environmental impacts, he should submit an amended IEE to the LAC CEO.

The two other EIA activities, Comparative Risk Assessment of Lima and Environmental Management Training for the Mining Industry, are categorically excluded [22 CFR 216.2(c)(2)(i) and (iii)], and do not require additional environmental review by the MEO.

Although listed in Table 1 of the IEE as categorically excluded from further review, if a Biodiversity Collection and Documentation activity will be funded, the MEO shall develop a monitoring plan to ensure that collection activities do not result in impacts to threatened or endangered species.

Funds shall not be used to support commercial timber extraction or significant deforestation, nor for the procurement of equipment that could lead to deforestation, without submitting an amended IEE for the approval of LAC CEO. Funds shall also not be used for the procurement or use of pesticides without an amended IEE being submitted to the LAC CEO.

Date 8/18/95

Jeffrey J. Brokaw
Chief Environmental Officer
Bureau for Latin America
and the Caribbean

Copy to	:	George Wachtenheim, USAID/Peru Mission Director
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UNCLAS SECTION 01 OF 06 **STATE 145324**

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DUE DATE: 6/23

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E.O. 12356: N/A
TAGS:
SUBJECT: **FY 1996-1997 ACTION PLAN FOR PERU**

1. THE FY 1996-1997 ACTION PLAN FOR USAID/PERU WAS REVIEWED ON MAY 18, 1995. THE DAEC MEETING WAS CHAIRED BY AA/LAC MARK SCHNEIDER ACCOMPANIED BY DAA NORMA PARKER. THE ACTION PLAN WAS PRESENTED BY THE MISSION DIRECTOR FOR USAID/PERU, GEORGE WACHTENHEIM. THE MISSION WAS ALSO REPRESENTED BY JEFFORY BOYER, CHIEF, PROGRAM AND PROJECT OFFICE; AND HARRY WING, CHIEF, OFFICE OF RURAL DEVELOPMENT. REPRESENTATIVES OF THE GLOBAL BUREAU, BHR, M, PPC, ALL APPROPRIATE LAC BUREAU OFFICES, AND STATE/ARA AND STATE/INL WERE PRESENT. THE MISSION WAS COMPLIMENTED ON PREPARING AN ACTION PLAN WHICH EFFECTIVELY CAPTURES A HIGHLY COMPLEX PROGRAM AND, IN PARTICULAR, INTEGRATES AND REINFORCES THE THEME OF USG COUNTERNARCOTICS OBJECTIVES THROUGHOUT THE MISSION'S OVERALL PROGRAM. THE ACTION PLAN WAS APPROVED BY THE BUREAU, SUBJECT TO THE GUIDANCE PROVIDED BELOW.

2. PROGRAM BUDGET: THE DA BUDGET LEVEL FOR USAID/PERU IN FY 95 IS DOLS 27.621 MILLION, INCLUDING FIELD SUPPORT, PLUS DOLS 450,000 FOR THE INSTITUTE FOR LIBERTY AND

DEMOCRACY (ILD); THE ESF LEVEL IS DOLS 5.5 MILLION. CONTROL LEVELS FOR FY 96 ARE DOLS 35 MILLION DA AND DOLS 17 MILLION ESF EQUIVALENT UNDER THE COUNTERNARCOTICS BUDGET REQUEST. SEE PARA 7 ON COUNTERNARCOTICS-RELATED FUNDING.

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3. FOOD SECURITY STRATEGIC OBJECTIVE. AN ISSUE WAS RAISED REGARDING WHETHER THE MISSION SHOULD ADD A SEPARATE FOOD SECURITY STRATEGIC OBJECTIVE. THERE HAS BEEN CONSIDERABLE DEBATE IN THE AGENCY REGARDING WHETHER MISSIONS WITH SUBSTANTIAL FOOD ASSISTANCE PROGRAMS SHOULD HAVE SEPARATE FOOD SECURITY OBJECTIVES. IT WAS ESTABLISHED THAT CURRENT AGENCY POLICY GUIDELINES REQUIRE THAT ALL MISSIONS APPLYING FOR FOOD AID RESOURCES MUST CLEARLY AND EXPLICITLY ARTICULATE THEIR PROPOSED FOOD AID SUPPORTED PROGRAMS IN THE CONTEXT OF ENHANCING FOOD SECURITY. AT THE SAME TIME, BECAUSE THE CONCEPT OF ENHANCING NATIONAL FOOD SECURITY IS USUALLY BEYOND USAID'S MANAGEABLE INTEREST, IT IS MORE USEFUL AND CREDIBLE TO EXPRESS FOOD SECURITY OBJECTIVES IN TERMS OF PRIORITY FOCUS AREAS OF INCREASING AGRICULTURAL PRODUCTIVITY AND/OR IMPROVING HOUSEHOLD NUTRITION. IN THE DISCUSSION, SOME REVIEWERS FELT THAT IT WOULD BE MORE ACCURATE TO PORTRAY FOOD SECURITY AS A HIGHER-LEVEL GOAL TO WHICH THE MISSION'S ECONOMIC GROWTH AND HEALTH OBJECTIVES CONTRIBUTE. SOME FELT THAT THE WORDING OF THE FOOD SECURITY OBJECTIVE AS PRESENTED IN THE ACTION PLAN IS BEYOND THE MISSION'S MANAGEABLE INTEREST, AND THAT, IF THE MISSION DOES HAVE A SEPARATE FOOD SECURITY OBJECTIVE, IT SHOULD FOCUS ON LOWER-LEVEL RESULTS RELATING TO THE PRIORITY AREAS IDENTIFIED IN THE NEW AGENCY POLICY, I.E. INCREASING AGRICULTURAL PRODUCTIVITY AND/OR IMPROVING HOUSEHOLD NUTRITION. SOME ALSO HAD PROBLEMS UNDERSTANDING THE LOGIC BEHIND THE CURRENT DIVISION OF PROGRAM OUTCOMES AMONG THE ECONOMIC, FOOD SECURITY AND HEALTH STRATEGIC OBJECTIVES. HENCE, IT WAS RECOMMENDED THAT THE PROGRAM OUTCOMERELATED TO EDUCATION THAT CURRENTLY SUPPORTS THE FOOD SECURITY
RATEGIC OBJECTIVE BE MOVED TO THE CONOMIC
STRATEGIC OBJECTIVE (SO 2). IT WAS ASO SUGGESTED THAT PROGRAM OUTCOME 3 OF SO 2, HICH DEALS WITH INCREASED AGRICULTURAL PRODUCTIVTY, BE MOVED TO THE FOOD SECURITY STRATEGIC OBECTIVE. ANOTHER REVIEWER POINTED OUT THAT IT IS AGENCY POLICY TO BETTER INTEGRATE FOOD RESOURCES WITHIN THE OVERALL MISSION PORTFOLIO AND EXPRESSED CONCERN THAT THE PROPOSED CONFIGURATION, WITH A SEPARATE STRATEGIC OBJECTIVE FOR FOOD SECURITY TO WHICH FEW RESOURCES OTHER THAN FOOD APPEARED TO BE DIRECTED, SEEMED TO BE MOVING IN THE OPPOSITE DIRECTION.

THE AA/LAC DETERMINED THAT THE MISSION SHOULD CONSIDER AGENCY POLICY AND THE COMMENTS MADE IN THE REVIEW IN DECIDING WHETHER OR NOT TO PRESENT A SEPARATE FOOD SECURITY STRATEGIC OBJECTIVE IN ITS NEW STRATEGIC PLAN TO BE DEVELOPED IN THE SPRING OF CY 1996.

4. EXPANSION OF THE JUSTICE SECTOR SUPPORT (JUST) PROJECT. THE ACTION PLAN INCLUDES A NAD FOR AN AMENDMENT TO EXTEND THE JUST PROJECT BY TWO YEARS, TO FY 98, WITH AN

ADDITIONAL DOLS 4 MILLION IN ESF. THE PROJECT EXPANSION IS TO INCLUDE TECHNICAL ASSISTANCE AND TRAINING OF PROSECUTORS AND JUDGES RESPONSIBLE FOR THE IMPLEMENTATION OF THE CRIMINAL PROCEDURE CODE, AND DEVELOPMENT OF PUBLIC DEFENDERS AND ALTERNATIVE DISPUTE RESOLUTION PROGRAMS, AS WELL AS AN EXPANSION OF DIRECT ASSISTANCE TO THE

GOVERNMENT. BASED ON A PRESENTATION OF THE OUTCOMES OF THE IWG ON PERU BY DAA PARKER, THE DAEC AGREED THAT THE EXPANSION OF THE JUST PROJECT SHOULD PROCEED IN ACCORDANCE WITH A SERIES OF CALIBRATED STEPS. IT WAS AGREED THAT THE MISSION WILL PRESENT THE BUREAU WITH A PLAN OR MATRIX OUTLINING TFLE TIMING OF PROJECT COMPONENTS IN RELATION TO FULFILLMENT OF KEY STEPS IN JUDICIAL REFORM WHICH ARE STILL PENDING. FOR EXAMPLE, THE MISSION SHOULD SPECIFY WHICH ACTIVITIES WILL GO FORWARD BEFORE AND AFTER THE CRIMINAL PROCEDURES CODE IS PROMULGATED; BEFORE AND AFTER THE FACELESS JUDGES ARE ELIMINATED FROM CIVILIAN COURTS; AND BEFORE AND AFTER THE HUMAN RIGHTS OMBUDSMAN'S OFFICE IS ESTABLISHED AND AN INCUMBENT IDENTIFIED. THE MISSION'S PLANNED ACTIVITIES IN SUPPORT OF THE JUDICIAL COUNCIL AND JUDICIAL ACADEMY ARE TO PROCEED TO ADDRESS PRIORITY NEEDS AND OPPORTUNITIES IN FY 95.

5. USDH ECONOMIST POSITION. AN ISSUE WAS RAISED REGARDING THE POSSIBILITY OF REESTABLISHING A USDH ECONOMIST POSITION IN PERU. SOME REVIEWERS HAVE FOUND THE ECONOMIC ANALYSES IN THE ACTION PLAN AND OTHER RECENT MISSION DOCUMENTS TO BE UNCLEAR SINCE THE ELIMINATION OF THE MISSION'S USDH ECONOMIST POSITION. THESE REVIEWERS ARGUED FOR REESTABLISHMENT OF THE POSITION, BASED ON THE SIZE OF THE USAID/PERU PROGRAM AND THE IMPORTANCE OF SOUND ECONOMIC ANALYSIS. THE MISSION AGREED THAT IT WOULD LIKE TO RESERVE ONE OF ITS USDH POSITIONS FOR AN ECONOMIST, IF ITS NEEDS FOR HEALTH STAFF COULD BE COVERED WITH AN IDI INSTEAD OF ADDING A HEALTH USDH AS CURRENTLY PLANNED. THE BUREAU STATED THAT IT WILL TRY TO PROVIDE THE MISSION WITH ONE OR MORE IDIS AS REQUESTED. IT WAS NOTED THAT THE INCREASE IN 2 USDH IN FY 96 WOULD REQUIRE AMBASSADORIAL AND NSDD-38 CLEARANCE.

6. OPERATING EXPENSES. AN ISSUE WAS RAISED REGARDING WHETHER ADDITIONAL OE RESOURCES CAN BE MADE AVAILABLE IN - FY 96 FOR FURNISHING THE NEW BUILDING WHICH USAID/PERU PLANS TO CONSTRUCT. USE OF FY 95 FUNDS FOR CONSTRUCTION HAS BEEN APPROVED, AND COMPLETION OF CONSTRUCTION AND OCCUPANCY OF THE BUILDING ARE SCHEDULED FOR THE FIRST QUARTER OF FY 98. THE MISSION HAS ESTIMATED COSTS FOR NEW FURNITURE AT DOLS 800,000; HOWEVER, ESTIMATES OBTAINED IN WASHINGTON INDICATE THAT THE FURNITURE COULD BE ACQUIRED FOR DOLS 650,000. THE MISSION STATED THAT A NEW TELEPHONE

SYSTEM WILL ALSO BE REQUIRED AT A COST OF DOLS 170,000. AS THE MISSION IS NOT SCHEDULED TO OCCUPY THE NEW BUILDING UNTIL FY 98, THE BUREAU CONTROLLER DETERMINED, WITH M BUREAU CONCURRENCE, THAT FUNDING FOR THE FURNITURE AND TELEPHONE SYSTEM PROCUREMENT SHOULD NOT BE INCLUDED IN MISSION BUDGET LEVELS ANY EARLIER THAN FY 97.

7. COUNTERNARCOTICS. STATE/INL SAID THAT THE USAID/PERU ACTION PLAN DID NOT PROVIDE ADEQUATE DISCUSSION OF THE LINKAGES BETWEEN THE U.S. MISSION PROGRAM PLAN FOR PERU AND THE U.S. NATIONAL DRUG CONTROL STRATEGY GOAL OF REDUCING THE PRODUCTION OF COCAINE. THE MISSION DIRECTOR AND DAA POINTED OUT SEVERAL REFERENCES IN THE DOCUMENT TO THE IMPORTANCE OF THE NARCOTICS PROBLEM IN PERU AND THE MISSION'S ROLE IN CONTRIBUTING TO ITS RESOLUTION. FOLLOWING THE MEETING, STATE AND USAID AGREED THAT THE FOLLOWING LANGUAGE WOULD BE INCLUDED IN THE ACTION PLAN CABLE.

CONSISTENT WITH THE U.S. NATIONAL DRUD CONTROL STRATEGY AND PDD/NSC-14 (THE U.S. POLICY ON INTERNATIONAL COUNTERNARCOTICS IN THE WESTERN HEMISPHERE), ONE OF THE FIVE CO-EQUAL GOALS IN THE U.S. MISSION PROGRAM PLAN FOR PERU IS TO REDUCE AND ULTIMATELY ELIMINATE COCAINE PRODUCTION. THE USAID ALTERNATIVE DEVELOPMENT PROJECT WILL INCREASE AND DIVERSIFY VIABLE EMPLOYMENT AND INCOME OPPORTUNITIES IN ORDER TO REDUCE THE EXTENT OF COCA UNDER CULTIVATION. IT IS NOTED THAT A KEY END-OF-PROJECT INDICATOR OF THE PROJECT'S GOAL AND SUCCESS IS 50 PERCENT REDUCTION IN MATURE COCA CROPS UNDER CULTIVATION BY BENEFICIARIES IN PROJECT TARGETED AREAS, AS DESCRIBED IN THE PROJECT PAPER AND CORRESPONDING TO GOALS ESTABLISHED BY THE GOP NATIONAL PLAN FOR DRUG PREVENTION AND CONTROL. IT IS RECOGNIZED THAT ACHIEVEMENT OF THE ALTERNATIVE DEVELOPMENT PROJECT'S GOAL WILL DEPEND ON A NUMBER OF FACTORS, SUCH AS EFFECTIVE GOP LAW ENFORCEMENT ACTIONS ASSISTED BY THE U.S. GOVERNMENT (STATE/INL AND OTHER AGENCIES), THE GOP'S CONTINUOUS IMPROVEMENT IN SECURITY AND INCREASED PRESENCE IN THE PROJECT TARGETED AREAS, AND GOP EFFORTS TO MAINTAIN SOUND ECONOMIC POLICIES,

CONTRIBUTE ITS OWN RESOURCES AND TAKE THE LEAD IN SOLICITING OTHER DONOR SUPPORT. OTHER IMPORTANT ELEMENTS OF USAID/PERU'S CONTRIBUTION TO THE U.S. MISSION PROGRAM PLAN FOR PERU IN THE COUNTERNARCOTICS AREA INCLUDE INCREASED DRUG AWARENESS (THROUGH NGOS SUCH AS CEDRO),

LOCAL GOVERNMENT STRENGTHENING, AND IMPROVED ADMINISTRATION OF JUSTICE PROJECTS. WITH REGARDS TO FUNDING, STATE/INL'S REPRESENTATIVE EXPRESSED SUPPORT FOR FUNDING THE BUREAU'S ALTERNATIVE DEVELOPMENT PROGRAM FROM

COUNTERNARCOTICS-RELATED ECONOMIC ASSISTANCE. FUNDING LEVELS MENTIONED IN THE DOCUMENT WILL BE SUBJECT TO SUBSEQUENT INTERAGENCY BUDGETARY DECISIONS.

8. ENVIRONMENTAL ISSUES. SEVERAL ISSUES REGARDING THE MISSION1 S ENVIRONMENTAL STRATEGY AND ACTIVITIES WERE RAISED AND RESOLVED:

A) AN ISSUE WAS RAISED REGARDING WHETHER THE MISSION SHOULD ADD AN ENVIRONMENTAL STRATEGIC OBJECTIVE, GIVEN THE LEVEL OF RESOURCES TO BE DEVOTED TO THIS SO. THE ISSUE WAS RESOLVED FOLLOWING MISSION CLARIFICATION THAT APPROXIMATELY DOLS 8 MILLION WILL BE DEVOTED TO ENVIRONMENTAL ACTIVITIES IN FY 96, INCLUDING NEW AND EXISTING ENVIRONMENTAL PROJECTS AND ENVIRONMENTAL COMPONENTS OF HEALTH AND ALTERNATIVE DEVELOPMENT PROJECTS. THE MISSION'S ADDITION OF AN ENVIRONMENTAL OBJECTIVE WAS APPROVED, WHILE SOME RECOMMENDATIONS WERE OFFERED REGARDING REFINEMENT OF THE OBJECTIVE.

B) AN ISSUE WAS RAISED REGARDING WHETHER THE NEW SUSTAINABLE ENVIRONMENTAL AND NATURAL RESOURCES MANAGEMENT PROJECT WILL ATTEMPT TO ADDRESS THE BROAD RANGE OF ISSUES IDENTIFIED IN THE MISSION'S RECENTLY COMPLETED ENVIRONMENTAL STRATEGY, OR WHETHER THE MISSION HAS IDENTIFIED A SET OF KEY CONSTRAINTS TO ADDRESS ON A PRIORITY BASIS. MISSION STAFF EXPLAINED THAT THEY INTEND TO FOCUS ON THREE PRIORITY AREAS: 1) ENVIRONMENTAL POLICY AND LEGAL REGULATORY FRAMEWORK; 2) POLLUTION PREVENTION IN PERI-URBAN AREAS; AND 3) BIODIVERSITY AND FRAGILE ECOSYSTEMS.

C) QUESTIONS WERE RAISED REGARDING WHETHER THE MISSION SHOULD DEVELOP A STRATEGY TO REDUCE THE ENVIRONMENTAL IMPACTS OF ILLICIT COCA CULTIVATION. THE MISSION DIRECTOR REPORTED THAT THE MISSION INTENDS TO ADDRESS THIS ISSUE BY WORKING WITH CONAM, THE NEW GOP ENVIRONMENTAL AGENCY, IN CREATING AND ENFORCING APPROPRIATE POLICIES AND REGULATIONS. THE COUNTRY TEAM WILL BE WORKING CLOSELY WITH THE GOP ON IMPLEMENTATION OF ITS NATIONAL DRUG PLAN,

WHICH PLACES A HIGH PRIORITY ON REDUCING ENVIRONMENTAL DAMAGE RESULTING FROM ILLICIT COCA CULTIVATION.

D) AN ISSUE WAS RAISED REGARDING WHETHER THE MISSION'S PROGRAM SHOULD ADDRESS THE ENVIRONMENTAL CAUSES OF HEALTH PROBLEMS SUCH AS CHOLERA, PARTICULARLY THROUGH IMPROVING WASTEWATER TREATMENT, RATHER THAN MERELY TARGETING THE RESULTING ILLNESSES. THE MISSION RESPONDED THAT THE NEW ENVIRONMENTAL SENREM PROJECT CAN ADDRESS THIS ISSUE THROUGH SMALL DEMONSTRATION PROJECTS. IN ADDITION, THE MISSION'S PROJECT 2000 WILL WORK ON IMPROVING THE MINISTRY OF HEALTH'S ROLE IN ADDRESSING ENVIRONMENTAL ISSUES, IN

CONJUNCTION WITH CONAM. THE MISSION IS COOPERATING WITH THE WORLD BANK AND IDB, WHICH HAVE LARGE WATER AND SANITATION PROGRAMS FOR PERU'S URBAN AREAS. THE ISSUE WILL ALSO BE ADDRESSED THROUGH THE MISSION'S SUPPORT FOR CONAM IN THE DEVELOPMENT OF GUIDELINES AND STANDARDS.

E) AN ISSUE WAS RAISED REGARDING WHETHER THE MISSION SHOULD DEVOTE MORE EFFORT TO TRAINING NGOS TO ACCESS THE INFORMATION NEEDED FOR DIALOGUE WITH THE GOVERNMENT ON ENVIRONMENTAL ISSUES. THE MISSION RESPONDED THAT ONE COMPONENT OF THE NEW ENVIRONMENTAL PROJECT AIMS TO BUILD UP NGOS' CAPABILITIES IN ADVOCACY AND FAMILIARIZE THEM WITH ENVIRONMENTAL TECHNOLOGIES. THE PAPI POLICY PROJECT ALSO WORKS WITH NGOS ON ANALYZING POLICY ISSUES, INCLUDING ENVIRONMENTAL REGULATORY ISSUES.

F) AN ISSUE WAS RAISED REGARDING WHETHER THE MISSION SHOULD ASSIST U.S. COMPANIES INTERESTED IN PURCHASING NEWLY PRIVATIZED ENTERPRISES IN PERU, BY IDENTIFYING POTENTIAL ENVIRONMENTAL LIABILITIES. THE MISSION DIRECTOR RESPONDED THAT THE MISSION INTENDS TO DEAL WITH SUCH ISSUES BY WORKING THROUGH CONAM, RATHER THAN WITH INDIVIDUAL U.S. INVESTORS.

G) IN RESPONSE TO A REQUEST FOR CLARIFICATION, THE MISSION STATED THAT OF OVER DOLS 2.5 BILLION OF DONOR FUNDING FROM IDB, IBRD, AND IMF IN 1994-1996, APPROXIMATELY 20 PERCENT HAS SOME RELATION TO ENVIRONMENTAL AND NATURAL RESOURCE ACTIVITIES. THE MISSION IS COLLABORATING CLOSELY WITH OTHER DONORS, INCLUDING THE GERMAN AND DUTCH GOVERNMENTS AND THE GLOBAL ENVIRONMENTAL FACILITY, ON ENVIRONMENTAL ISSUES.

9. PARTICIPATION OF PVOS/NGOS IN STRATEGIC PLANNING PROCESS. THE MISSION REPORTED THAT IT HAS GIVEN PARTICULAR EMPHASIS TO INTEGRATING PVOS AND NGOS INTO ITS PLANNING PROCESS, AS DESCRIBED IN PAGES 13-14 OF THE ACTION PLAN.

10. IMPACT OF OE CUTS ON MISSION MANAGEMENT. AN ISSUE WAS RAISED REGARDING THE MISSION'S ABILITY TO MANAGE THE PROPOSED PROGRAM IF OE RESOURCES ARE CUT SUBSTANTIALLY. THE MISSION NOTED THAT THE PROGRAM IS BASED ON CURRENT ASSUMPTIONS REGARDING RESOURCE LEVELS. CURRENT STAFFING LEVELS REFLECT THE BUREAU'S AGREEMENT THAT MISSION STAFF SHOULD BE INCREASED BY 2 USDH DURING THE AP PERIOD FOLLOWING A PERIOD WHEN STAFFING LEVELS WERE SEVERELY CURTAILED DUE TO SECURITY CONCERNS. MANY OF THE MISSION'S NADS ARE EITHER FOR PROJECT AMENDMENTS, FOLLOW-ON ACTIVITIES, OR AREAS IN WHICH THE MISSION HAS WORKED

BEFORE, SO THAT THE PORTFOLIO IS NOT AS OVERWHELMING AS IT MAY APPEAR. IT WAS ALSO NOTED THAT THE MISSION WILL REDUCE ITS NUMBER OF MANAGEMENT UNITS FROM 22 TO 20 OVER THE PLANNING PERIOD.

11. STRATEGIC OBJECTIVES AND INDICATORS. A NUMBER OF ISSUES WERE RAISED AND DISCUSSED AT THE PERFORMANCE REVIEW MEETING REGARDING THE INDICATORS SELECTED FOR MEASUREMENT OF THE MISSION STRATEGY AND DATA PROVIDED FOR THE INDICATORS. THE MISSION AGREED TO MODIFY A NUMBER OF THE INDICATORS, AND TO REVIEW THE ACCURACY OF CERTAIN DATA POINTS. A SEPARATE MEETING WAS HELD REGARDING REFINEMENT OF THE MISSION'S NEW ENVIRONMENTAL STRATEGIC OBJECTIVE AND INDICATORS, AND THE MISSION AGREED TO CONSIDER MODIFICATIONS OF THE OBJECTIVE ON THE BASIS OF RECOMMENDATIONS OFFERED IN THE MEETING.

12. NEW ACTIVITY DESCRIPTIONS. THE FOLLOWING NEW ACTIVITIES ARE PROPOSED IN THE ACTION PLAN:

PROJECT NO.	NAME	LOP AMOUNT (DOLS 000)	DECISION
FY 95			
527-0379	**SUSTAINABLE ENVIRONMENT & NAT. RESOURCES MGT.**	**11,000**	**APPROVED LAST YEAR**
FY 96			
527-0377	TRAINING FOR INNOVATION AND DEVELOPMENT INITIATIVE	5,000	DEFER APPROVAL
527-0371	AMENDMENT NO. 1 TO LOCAL GOVT. DEVELOPMENT PROJECT	5,000	APPROVEL DELEGATE
527-0352	AMENDMENT NO. 1 TO JUSTICE SECTOR SUPPORT (JUST)	4,000	APPROVEL DELEGATE
527-0378	AIDS HELP - HEALTHIER LIVES THROUGH PREVENTION	1,000	APPROVE/ DELEGATE
527-0375	POPULATION & FAMILY PLANNING PLANNING SUPPORT (APOYO)	30,000	APPROVE/ DELEGATE
527-0348	AMENDMENT NO. 1 TO ALT. DEVELOPMENT PROJECT	8,796	APPROVEL DELEGATE
FY 97			
527-0379	CITIZEN AWARENESS AMONG DRUG PRODUCERS (CITAD)	2,000	DEFER APPROVAL

527-0380	CONGRESSIONAL INFORMATION AND RESEARCH	4,000	DEFER APPROVAL
527-0382	MODERN AGRICULTURAL TECHNOLOGY	8,000	DEFER APPROVAL
527-0381	NINO SANO (INTEGRATED CHILD DEVELOPMENT PROJECT)	3,200	DEFER APPROVAL

A. GENDER ISSUES IN NADS. QUESTIONS WERE RAISED REGARDING THE LACK OF TREATMENT OF GENDER ISSUES IN THE MISSION'S NADS. THE MISSION EXPLAINED THAT IT PLACES CONSIDERABLE EMPHASIS ON INTEGRATING GENDER ISSUES IN ITS NEW PROJECT DESIGNS AND IN EXISTING PROJECTS. BECAUSE ATTENTION TO GENDER AND OTHER BENEFICIARY ISSUES IS AN UNDERLYING THEME IN ITS OVERALL APPROACH, THE MISSION FELT THAT EXPLICIT REFERENCE TO GENDER IN THE NADS WAS REDUNDANT.

B. TRAINING FOR INNOVATION AND DEVELOPMENT INITIATIVE.

QUESTIONS WERE RAISED REGARDING WHETHER THE MISSION'S TRAINING NEEDS COULD BE COVERED THROUGH EXISTING PROJECTS RATHER THAN THROUGH A SEPARATE TRAINING PROJECT. APPROVAL OF THE PROJECT WAS DEFERRED, PENDING RECEIPT OF INFORMATION FROM USAID/PERU REGARDING THE EXTENT OF TRAINING ACTIVITIES INCLUDED IN OTHER MISSION PROJECTS.

C. AMENDMENT TO LOCAL GOVERNMENT DEVELOPMENT PROJECT. THIS PROJECT WAS APPROVED, WITH THE PROVISION THAT BEFORE PROCEEDING WITH IMPLEMENTATION THE MISSION WILL PROVIDE THE BUREAU WITH INFORMATION REGARDING PROGRESS THAT HAS BEEN MADE TO DATE IN DECENTRALIZATION, SUCH AS CHANGES IN LEGAL CODES AND TRANSFER OF RESPONSIBILITIES TO LOCAL GOVERNMENT, AND INFORMATION ON ANY CONSTRAINTS IMPEDING THIS PROGRESS.

D. AMENDMENT TO ALTERNATIVE DEVELOPMENT PROJECT. AN ISSUE WAS RAISED REGARDING WHETHER THE NEWLY AUTHORIZED ALTERNATIVE DEVELOPMENT PROJECT SHOULD BE EXPANDED INTO NEW AREAS BEFORE IT IS DETERMINED THAT THE SELECTED INTERVENTIONS ARE WORKING IN CURRENT TARGET AREAS. THE MISSION DIRECTOR EXPLAINED THAT THE ALTERNATIVE DEVELOPMENT PROJECT WAS ORIGINALLY DESIGNED FOR A DOLS 120 MILLION BUDGET, SO THAT THERE IS CONSIDERABLE POTENTIAL FOR ABSORBING RESOURCES. THE PROPOSED EXPANSION WILL BE WITHIN THE FIVE REGIONS SPECIFIED IN THE ALTERNATIVE DEVELOPMENT PP.

13. CLARIFICATIONS.

A. A QUESTION WAS RAISED REGARDING WHETHER THE MISSION SHOULD PROVIDE PERFORMANCE MEASUREMENTS OF ITS WORK WITH OTHER DONORS. IT WAS AGREED THAT THIS WILL BE ADDRESSED DURING THE REENGINEERING PROCESS.

B. QUESTIONS WERE RAISED REGARDING LACK OF DOCUMENTATION IN THE ACTION PLAN OF THE PROGRAM'S IMPACTS ON DIFFERENT PARTS OF PERUVIAN SOCIETY, SUCH AS MEN, WOMEN, AND ETHNIC GROUPS. THE MISSION PROVIDED A SEPARATE WRITTEN PIECE WHICH ADDRESSES ITSACCOMPLISHMENTS IN ASSISTANCE TO WOMEN TO DATE, AS WELL AS PLANS FOR FUTURE ACTIVITIES.

C. IN RESPONSE TO A REQUEST F6R CLARIFICATION, MISSION REPRESENTATIVES EXPLAINED THAT THE CITIZENS AWARENESS AMONG DRUG PRODUCERS (CITAD) PROJECT FOLLOWS ON THE SUCCESSFUL NARCOTICS EDUCATION PROJECT WHILE MODIFYING ITS TARGET GROUP. THE NEW PROJECT WILL FOCUS EFFORTS OF THE NGO CEDRO ON EDUCATION AND AWARENESS ACTIVITIES WITH COCA PRODUCERS.

E. A QUESTION WAS RAISED REGARDING WHETHER THE MISSION SHOULD AWAIT THE EVALUATION OF PRIOR FAMILY PLANNING ACTIVITTES BEFORE EMBARKING ON THE NEW APOYO PROJECT. IT WAS EXPLAINED THAT TWO EVALUATIONS OF THE EXISTING FAMILY PLANNING PROJECTS HAVE SHOWN IMPRESSIVE IMPACT, AND THAT THE PROPOSED NEW ACTIVITIES ARE WELL-FOCUSED, CONCENTRATING ON THREE REGIONS WITH CRITICAL NEEDS. IT WAS FURTHER EXPLAINED THAT ANY DELAY AT THIS TIME WOULD CAUSE A GAP IN SERVICE PROVISION.

F. THE MISSION AGREED THAT THE CITAD PROJECT AND THE TRAINING FOR INNOVATION AND DEVELOPMENT INITIATIVE PROJECT ARE CROSS-CUTTING PROJECTS WHICH CONTRIBUTE TO A NUMBER OF MISSION STRATEGIC OBJECTIVES. THE MISSION WILL REPORT ON THEM IN THIS WAY IN THE FUTURE.

G. IN RESPONSE TO A QUESTION REGARDING ITS INVOLVEMENT IN LABOR ACTIVITIES, THE MISSION REPORTED THAT IT WILL HAVE AN ACTIVITY WITH AIFLD THIS YEAR TO HELP RECONSTRUCT THE LABOR UNION MOVEMENT IN PERU.

H. IN RESPONSE TO A QUESTION REGARDING TRAINING OF COMMUNITY LEADERS, THE MISSION REPORTED THAT IT IS ALREADY DOING THIS AND INTENDS TO DO MORE.

I. THE JUST PROJECT (527-0352) 15 LISTED IN SOME PARTS OF THE ACTION PLAN (E.G., P.17) AS THE JUDICIAL STRENGTHENING PROJECT, AND IN OTHERS (E.G., P. 76) AS THE JUSTICE SECTOR SUPPORT PROJECT. THE PROJECT'S CN READS JUSTICE SECTOR SUPPORT PROJECT; OTHER REFERENCES SHOULD BE CORRECTED.

J. A QUESTION WAS RAISED REGARDING OTHER DONOR INVOLVEMENT IN FEEDING OF POOR CHILDREN MISSION

REPRESENTATIVES REPORTED THAT DATA ARE NOT AVAILABLE FOR THE EXTENT OF FEEDING ACTIVITIES BY OTHER DONORS. USAID HAS THE LARGEST DIRECT FEEDING PROGRAM IN PERU.

14. HEALTH INDICATOR CHANGES. A NUMBER OF CONCERNS REGARDING INDICATORS FOR STRATEGIC OBJECTIVE 4 WERE RAISED AND RESOLVED DURING THE ACTION PLAN REVIEW.

A. FOR 50 4, INDICATOR 2, MISSION AGREED THAT THE INDICATOR SHOULD BE STATED AS "UNDER 5 MORTALITY RATE."

B. FOR PO 4.1, INDICATOR 4, THE MISSION EXPLAINED THAT THE COVERAGE OF TETANUS TOXOID APPEARS TO HAVE DROPPED BY 50 PERCENT BECAUSE THE MOH REPORTED USING ALL REPRODUCTIVE AGE WOMEN AS THE DENOMINATOR THIS YEAR, COMPARED TO ONLY WOMEN IN THE TARGET DISTRICTS LAST YEAR. THE MISSION WILL CHECK ON THE REASON FOR THIS CHANGE.

C. FOR PO 4.1, THE MISSION INDICATED IT CHOSE NOT TO USE CONTRACEPTIVE PREVALENCE RATE AS A DENOMINATOR-BASED INDICATOR OF CONTRACEPTIVE USE, BECAUSE OF DIFFICULTY IN COLLECTING THIS INFORMATION ON AN ANNUAL BASIS. THE MISSION IS ENCOURAGED TO DISCUSS CONTRACEPTIVE PREVALENCE IN THE TEXT OF SUBSEQUENT ACTION PLANS WHEN PERIODIC SURVEYS MAKE SUCH INFORMATION AVAILABLE.

D. FOR PO 4.2, INDICATOR 5, THE MISSION INDICATED THAT THE INDICATOR STATEMENT SHOULD BE CHANGED TO "TOTAL CONTRACEPTIVE SALES GENERATED THROUGH SOCIAL MARKETING PROGRAMS."

E. FOR PO 4.3, THE MISSION AGREED THAT AN INDICATOR WILL BE ADDED: USE OF PREVENTIVE PRACTICES AND FIRST-LINE CARE FOR HIV/AIDS IN THE HOME AND COMMUNITY.

F. FOR PO 4.3, THE MISSION AGREED TO ADD AN INDICATOR OF USE OF APPROPRIATE CARE FOR CHILDREN'S DIARRHEAS, TO BE SPECIFIED BY THE MISSION.

G. REPORT ON DISCOURAGING ABORTION. THE MISSION INDICATED THAT THERE IS INFORMATION THROUGHOUT THE PHN SECTIONS OF THE ACTION PLAN RESPONDING TO THIS REQUIREMENT IN LAST YEAR'S ACTION PLAN CABLE, AND PROVIDED THE AID/W PHN TEAM WITH A SHORT, CONSOLIDATED REPORT ON THE MISSION'S ACTIVITIES OVER THE LAST YEAR ON THIS TOPIC.YY

ADDITIONAL CLEARANCE:

STATE/ARA/AND:SSPECHT DRAFT DATE 5/26/95
STATE/INL:RBUCK DRAFT DATE 5/31/95
BHR/FFP:JPAZ-CASTILLO DRAFT - DATE 5/24/95

AID/LAC/DPB:RMEEHAN DRAFT DATE 5/25/95
AID/G/PDSP:TMAHONEY DRAFT DATE 5/25/95
AID/G/EG:RSTRYKER DRAFT DATE 5/19/95
AID/LAC/SAM:JSCHNEIDER DRAFT DATE 5/23/95
TALBOTT
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CONAM

ANNEX "G"
GOP Letter of Request

Lima, 20 de septiembre de 1995

Señor
George Wachtenheim
Director
Agencia para el Desarrollo Internacional
de los Estados Unidos
USAID/Perú
Presente

Asunto: Proyecto "Manejo Sostenible del Medio Ambiente y los Recursos Naturales"

De mi consideración:

Tengo el agrado de dirigirme a usted en relación al Proyecto "Manejo Sostenible del Medio Ambiente y los Recursos Naturales", cuyo Documento de Proyecto ha sido elaborado con la participación de los técnicos peruanos, tanto de entidades públicas como privadas, en estrecha coordinación con el Consejo Nacional del Ambiente (CONAM).

Al respecto, debo manifestarle que CONAM está de acuerdo con la descripción y el plan de ejecución del mencionado proyecto, cuyo objetivo es el mejoramiento de la capacidad de las instituciones públicas y privadas del Perú para identificar y resolver problemas relacionados con la conservación del ambiente y el uso sostenible de los recursos naturales, de conformidad con los intereses y objetivos del Gobierno Peruano en materia ambiental.

Las actividades descritas en el Documento de Proyecto serán ejecutadas en un plazo de cinco años, y requerirán de un financiamiento estimado en US$11.885 millones, correspondiendo al CONAM, como organismo rector de la política nacional ambiental, ser el principal recipiente de la asistencia técnica y financiera, ejecutor y coordinador de las actividades del Proyecto, y cuya implementación se realizará conjuntamente con la Agencia para el Desarrollo Internacional del Gobierno de los Estados Unidos (USAID) y el sector privado.

Por consiguiente, de acuerdo a las coordinaciones realizadas entre los funcionarios de CONAM y su representada, solicito a usted se realicen las acciones necesarias para celebrar un Convenio entre la Agencia para el Desarrollo

Consejo Nacional del Ambiente • Dirección provisional: Javier Prado Oeste 1121, Lima 27, Perú
Teléfono (51-1) 441-7333, Fax 441-7334

Sr. George Wachtenheim
Proyecto "Manejo Sostenible del Medio Ambiente y los Recursos Naturales"
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Internacional del Gobierno de los Estados Unidos (USAID) y el Gobierno del Perú, mediante el cual el USAID aportaría el monto de aproximadamente US$11.885 millones en calidad de donación para el financiamiento de las actividades del Proyecto en mención, y el Gobierno del Perú en contrapartida, proporcionaría el equivalente en nuevos soles de aproximadamente US$1.74 millones, provenientes de fuentes públicas.

Reiterándole el interés de CONAM en realizar este Proyecto, hago propicia la oportunidad para expresarle las seguridades de mi mayor consideración.

Atentamente,

Consejo Nacional del Ambiente

Gonzalo Galdos
Presidente

mtr

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