AGENCY FOR
INTERNATIONAL
DEVELOPMENT

ANNUAL BUDGET SUBMISSION

FY 1977

PERU

DEPARTMENT
OF
STATE

JULY 1975

DAP - Silver is still valid for ag & educ'n strategy - revision in order no provision for Health

SECTION II

FY 1977 ANNUAL BUDGET SUBMISSION

USAID/Peru

TABLE OF CONTENTS

SECTION

APPENDIXES

oooooooo

SUMMARY TABLE
FISCAL YEAR 1976
($000)

	F&N	PP&H	E&HR	SDP	SCO	Dev. Assist Subtotal	Support. Assist.	Total
ONGOING GRANTS:								
Agric. Inst. Dev. & Operations	773							773
Private & Voluntary Agencies Rotating Fund	100							100
Education Planning			232					232
Non-Formal Education			290					290
Bilingual Education			189					189
Special Development Activities				40				40
Technical Support	70	20	36	40				166
Subtotal	943	20	747	80				1,790
NEW GRANTS:								
Soybeans, Corn, and Potatoes Dev.	443							443
Nutrition Planning	100							100
Agro-Industrial Management Training	100							100
Responsible Parenthood Program for High & Medium Risk Mothers		298						298
Private & Voluntary Agencies OPGs					150			150
Subtotal	643	298			150			1,091
LOANS:								
Program for Improved Water & Land Use in the Sierra	11,300							11,300
Food Marketing Development	10,000							10,000
Subtotal	21,300							21,300

	F&N	PP&H	E&HR	SDP	SCO	Dev. Assist. Subtotal	Support. Assist.	Total
Total	22,886	318	747	80	150			24,181
HIGs (non-add)	-	-	-	25,000	-			25,000
PL 480:								
Title I (non-add)	10,000	-	-	-	-			10,000
Title II (non-add)	1,431	1,051	2,160	750	-			5,392

(A)

SUMMARY TABLE
INTERIM QUARTER
($000)

	F&N	PP&H	E&HR	SDP	SCO	Dev. Assist. Subtotal	Support. Assist.	Total
ONGOING GRANTS:								
Bilingual Education			118					118
Special Development Activities				10				10
Responsible Parenthood Program		88						88
Technical Support	20	5	5	7				37
Subtotal	20	93	123	17				253
NEW GRANTS:								
Research and Dev. in Fresh Water Fisheries	150							150
Subtotal	150							150
LOANS:	-	-	-	-				-
Total	170	93	123	17				403
HIGs:	-	-	-	-				-
PL 480:								
Title I	-	-	-	-				-
Title II	358	263	540	187				1,348

SUMMARY TABLE
FISCAL YEAR 1977
($000)

	F&N	PP&H	E&HR	SDP	SCO	Dev. Assist. Subtotal	Support Assist.	Total
ONGOING GRANTS:								
Soybeans, Corn & Potatoes Dev.	739							739
Nutrition Planning	100							100
Agro-Industrial Management Training	150							150
Research and Development in Fresh Water Fisheries	150							150
Private & Voluntary Agencies Rotating Fund	110							110
Non-Formal Education			105					105
Education Planning			488					488
Bilingual Education			182					182
Special Development Activities				40				40
Responsible Parenthood Program for High and Medium Risk Mothers		180						180
Private and Voluntary Agencies OPGs					250			250
Technical Support	60	20	25	40				145
Subtotal	1,309	200	800	80	250			2,639
NEW GRANTS:								
Use of Treated Sewage for Irrigat.	125							125
Rural Health Delivery System		122						122
Water Resources Planning	200							200
Subtotal	325	122						447

	F&N	PP&H	E&HR	SDP	SCO	Dev. Assist. Subtotal	Support. Assist.	Total
LOANS:								
Education Service Centers	-	-	10,000	-	-			10,000
Subtotal	-	-	10,000	-	-			10,000
Total	1,634	322	10,800	80	250			13,086
HIGs (non-add)	-	-	-	-	-			-
PL 480:								
Title I (non-add)	10,000	-	-	-	-			10,000
Title II (non-add)	1,341	1,522	1,190	534	-			4,587

PROGRAMMING NOTES ON THE SUMMARY FINANCIAL TABLES

FY 1976

1. Technical Support. Totals for PP&H and E&HR include $10,000 each for the acquisition of books, pamphlets and materials in conjunction with the phase-out of RTAC, as suggested with regard to PP&H publications by AID/W. The totals for F&N and SDP have been increased by $15,000 each over the CP figure to partially fund necessary research in support of PD 60.

2. Soybeans, Corn, and Potatoes Development. See discussion contained in PID relative to timing of initiation of this new activity.

3. Food Marketing Development. See IIMA 4821 and related correspondence concerning the programming of this loan in FY 76.

4. Title II. Amount programmed by functional category is as follows:

   F&N - Rural Food for Work Activities

   PP&H - Mother and Child Feeding Programs

   E&HR - School Lunch Program

   SDP - Pueblo Joven Food for Work Activities

INTERIM QUARTER

1. Bilingual Education. Shift in funding from the Congressional Presentation Manpower and Education project to Bilingual Education is necessitated by the higher than anticipated on-campus costs of the contractor, as negotiated by AID/W. Request for supplemental Congressional Notification will be initiated by the Mission at the appropriate time.

NARRATIVE STATEMENT OF IMPLEMENTATION PROGRESS

FOOD AND NUTRITION

AGRICULTURAL INSTITUTIONAL DEVELOPMENT AND OPERATIONS
Project 527-11-110-060

The major planned outputs of this project as stated in Revision Five of the PROP are the following:

1. Studies addressing policy problems in the fields of water tariffs, marketing, price policy, forestry, research, and regional planning.

2. Integrated plans resulting from policy studies.

3. Formulation of studies in manner which leads to sectoral plan.

4. Existence of core group of Peruvians dedicated to medium and long range analyses of key agricultural problems.

5. MINAG priority development programs progressing satisfactorily.

6. Ministry personnel trained in economic analyses.

Final obligation of funds for this project is scheduled for FY-76. Residual technical assistance elements will be phased out during FY-77.

Progress in developing special studies addressing policy problems has been slower than expected during the past year, despite the fact that earlier obstacles (slowness in recruiting advisors and problems in developing an administrative mechanism) were overcome. Only the Study of Demand for Food Commodities and the Water Tariffs Study are actually under way. Terms of reference have also been developed, however, for a supply analysis, a marketing study, an agricultural employment study and a study of alternative planning methodology and they are due to commence shortly.

One reason for the delay was the establishment of a new Ministry of Food in January 1975, in addition to the Ministry of Agriculture . Equally important, however, was that the sectorial planning office of the Ministry of Agriculture opted to conduct the studies internally and sequentially rather than contract an outside consultant group. Thus, we do not now anticipate completion of the entire program of studies within the 3-year period originally planned. The studies will all be well underway prior to the termination of the Iowa contract, however, and it is not foreseen that the GOP will experience difficulty in concluding them.

Progress in long term participant training was also linited, due in large measure again to the establishment of the two new ministries replacing the former MinAg. Training through special courses offered by AID financed economic advisors and on-the-job training of counterparts, however, has been effective.

Good progress was experienced in the specific development programs, outlined in PROP Revision Five, being assisted by the AID-financed advisors. Specific accomplishments include: a study of production cost estimates aimed at improving price control mechanisms, completion of the 1975-78 Agricultural Plan, implementation of courses for managers of cooperatives, evaluation of alternative methods for improving agricultural statistics, and completion of a study of water values for one major river valley providing the analytic base for reviewing water tariffs.

PRIVATE VOLUNTARY AGENCIES ROTATING LOAN FUND
Project 527-15-820-147

The PROP for this new activity was approved by AID/W in June, 1975, and the Grant Agreement has been entered into with Catholic Relief Services. Actual initiation of activities by the recipient PVOs is scheduled for the first quarter of FY 1976.

NARRATIVE STATEMENT OF IMPLEMENTATION PROGRESS

EDUCATION AND HUMAN RESOURCES

MANPOWER AND EDUCATION
Project 527-11-690-067

This Congressional Presentation Project title encompasses two on-going activities: Non-Formal Education and Education Planning. Individual narrative statements for each are contained below and they are similarly budgeted and refered to as separate projects throughout the ABS.

Non-Formal Education
Project 527-11-690-067.5

The PROP for this project was approved by AID/W on December 20, 1974. After extensive negotiations of language and budget partially resulting from a change in GOP personnel directing this project, the Project Agreement was signed on May 30, 1975. Due to these extensive negotiations project initiation has been somewhat delayed.

In spite of the delay the project has moved forward. During the conduct of the Sector Assessment an initial survey of NFE programs was carried out. The MOE will carry out an evaluation of their first year experimentations during late June 1975.

While total life of project costs have not changed, some adjustments have been made in the respective categories to reflect more appropriately current USAID/GOP requirements for the project. Life of project totals for US Personnel have been readjusted. Personnel costs are reduced from $512,000 to $356,000 while "Other Costs" have increased from $85,000 to $241,000. The change reflects an increasing GOP desire to maximize the use of their own personnel and intensify in-country training efforts.

Education Planning
Project 527-11-690-067.6

Assistance to the Ministry of Education Office of Sectoral Planning was continued in 1975 under the Manpower and Education Project. One Personal Services Contractor provided assistance in developing an Education Costs Model and training personnel for cost analysis of the Education Reform. A pre-feasibility study was successfully carried out to determine the possible utility of the concept of education service centers consisting of science laboratories, libraries, workshops, etc., and serving a group of schools in both rural and urban areas.

The Mission continued its planning and discussions with the GOP for the development of a project to assist in the decentralization of education planning functions. A PROP for this project is being finalized for submission to AID/W in July 1975.

BILINGUAL EDUCATION
Project 527-11-690-146

The PROP was approved by AID/W in September 1974 and a Project Agreement was signed between USAID/Peru and the Government of Peru on January 16, 1975. A Contract for Technical Services with Cornell University is currently being negotiated and was expected to be signed by June 16, 1975, although notification of signature has not yet been received by the Mission.

During the last two quarters of FY 1975, the first regional seminar on bilingual education was successfully carried out under this project. Guidelines were established for implementing the experiment and an area survey of monolingualism was begun in the Cuzco region.

The PROP called for teacher training programs followed by a supervisory training program to begin in February of 1975 commensurate with the school vacation period. These activities had to be postponed until the next school vacation since the technical assistance was not available to assist with this activity and the Cuzco staff was unable to make the timely arrangements.

Estimated Project Costs to the Mission have increased since the PROP was submitted due to the nature of the contractors support costs and research required to be carried out on the contractors home campus. The Mission had originally anticipated AID/W regional support to defray these backstopping costs.

TECHNICAL SUPPORT
Project 527-11-699-000

During FY-75, this project has provided for the U.S. technical services required to supplement USAID staff personnel for the Education Sector Assessment. Support was also provided to two Peruvians to attend the Conference of Indigenous Leaders in Latin America, and for four participants to undertake training in quantitative methods of educational planning and similar subjects.

A small research grant was provided to a Peruvian scholar completing a thesis on income distribution among middle level skilled laborers. The Mission also provided support for an evaluation of a GOP experiment in pre-school education.

NARRATIVE STATEMENT OF IMPLEMENTATION PROGRESS

SPECIAL DEVELOPMENT ACTIVITIES FUND
Project 527-11-998-061

The Special Development Activities Fund provides a quick response to community requests for assistance which would otherwise not qualify for support under other USAID programs but which, nevertheless, merit consideration in view of their low-cost, high-impact nature.

During FY-75, USAID has supported requests from small groups in urban and rural communities to carry out local development activities. Priority has been given to economically productive projects which have improved the community by providing additional income and increasing its economic independence; employment generating projects which contributed to create employment at the rural and urban levels; and skills training and human promotion activities that increased productivity and participation of the poorest and most isolated people of Peru.

Special attention has been given to projects involving female participation and development. Thus, almost 75% of the projects approved during FY-75 have directly benefitted women. Furthermore, USAID contact with women promotion groups, such as the Association for Cooperation with Campesino Women, (ACOMUC), the Rights for Women Movement and others, in addition to the GOP's strong emphasis on increasing the status and role of women, are expected to increase the number of requests directly involving women promotion - especially in the fields of artisan and cottage industry production. Likewise, SDAA continues to closely cooperate and coordinate with PVOs in Peru, such as Fe y Alegria and the Team for Human Development.

Since 1963 approximately US $886,000 have been provided for 552 projects in agriculture, education, health, small industries, cooperatives, skills training, etc., in 22 Departments throughout Peru. During the past fiscal year, 10 projects averaging $4,000 per project have been approved. Some indication of accomplishments are: a) A "revolving sewing machine fund" started by the Federation of Mothers' Clubs in San Juan de Lurigancho, one of Lima's most populated Districts, for the sewing of school uniforms for 70,000 children. Four clubs have received the equipment initially, and will contribute a portion of their earnings to the fund, which will in turn help the other clubs obtain equipment. b) Two poultry farms have been equipped in the Department of Puno, one of the poorest areas of Peru. The farms will expand their program and receive technical assistance from CARITAS and a German Volunteer Group. c) A community market has been initiated in the central highlands Department of Huancavelica, which will provide marketing services, eliminate intermediaries, improve availability of agricultural products and provide employment for women vendors. Other projects approved in FY 1975 included: equipment for initial education centers in Puno, sewing and carpentry shops in Lima, and a motivation and promotion program for pueblo joven women.

The impact and goodwill generated by the small amounts expended under SDAA amply justify the existence of a quick and effective response to the needs of the poorest majorities.

PL 480 TITLE I

Sorbfu
Approved

I. SUMMARY OF REQUEST

It is recommended that PL 480 Title I loans to Peru in the approximate amount of $10 million per year be tentatively programmed for Peru for FY 1976 and FY 1977. The proposed program would contribute significantly to both overall development requirements and to specific nutrition objectives of the national school lunch program.

In the first instance, a PL 480 loan would assist in assuring adequate supplies of certain basic foodstuffs which Peru must import - notably wheat, corn/sorghum, and vegetable oils, during a period in which foreign exchange reserves are projected to sharply decline while demand will continue to increase steadily. Counterpart funds generated by this program would also contribute to reducing the local currency requirements gap for priority investments in the agriculture sector.

Secondly, a component of the proposed program each year would be earmarked in support of the national school lunch program. Title II support of the school lunch program is being phased out over the five year period 1974-1978. Although the GOP is expanding both its administrative/delivery capacity and the volume of locally produced commodities for this program, it is unlikely that the latter can be increased rapidly enough to maintain the program at planned levels during the Title II phase-out period, much less be expanded sufficiently to meet the needs of the thousands of additional needy students being enrolled in school each year. The commodity require-

[redacted]

reducing the country's international reserves and putting heavy pressure on the value of the sol. Very large amounts of medium to long term external assistance will be needed in 1976 to avoid seriously restricting the country's development program for balance of payments reasons.

Peru ended 1974 with a relatively large amount of net international reserves ($702 million, equivalent to five months imports); however, the increase of nearly $300 million in 1974 was due to a large short term capital inflow to finance imports and to an especially large loan drawdown at the end of the year. Rapidly rising imports of goods, especially of food products, and services (freight and external factor payments) and high debt service during 1975, plus partial repayment of the net short term obligations outstanding will probably reduce net international reserves by at least $200 million for the year.

Most of these same factors are expected to combine to produce a large overall balance of payments deficit in 1976 on the order of $250 million, despite increased minerals exports flowing from the Cuajone Mining complex, which is to begin production that year. Falling commodity prices for copper, silver, and zinc, as well as for sugar and coffee, and the uncertain supply, market and price for fishmeal will also affect negatively Peru's balance of payments. Thus, Peru could very well end the biennium 1975-76 with reserves of around $250 million which at that time would equal only one month's imports, too narrow a margin to allow Peruvian authorities the flexibility they need to effectively manage the economy.

Peru's balance of payments picture for 1977 is less clear. The country's development strategy over the last few years has been to incur rather liberal amounts of external and internal debt in implementing its development program, while at the same time accelerating the exploration for oil in the jungle and the development of large mining deposits in order to provide the wherewithal to repay these debts. On the basis of this strategy, the Peruvian Government has contracted large amounts of medium-term external debt (5 to 8 years) at relatively hard terms, most of which must be repaid over the next six years, along with burdensome interest charges. It was hoped that Peru would become a net exporter of oil by 1977, and that its debts, both external and internal, would be paid for by these proceeds along with those flowing from additional mineral exports. At this time (mid 1975) it appears that Peru will not become a net exporter of oil until at least 1979 and perhaps later, although it may possibly become self-sufficient in oil by 1978. Therefore, it is very possible that the country's balance of payments gap will extend through 1977 (and even later), with substantial relief coming along only at the

the turn of the decade. Moreover, it is not at all certain that the Peruvian jungle contains large amounts of commercially recoverable oil since exploration, to date, has not proven sufficient reserves to classify the country as a major oil producer.

The proposed PL 480 Title I loan would provide crucial long term financing for imports of food items not produced in sufficient quantities in Peru. It would lessen pressure on the balance of payments and it would not contribute to the country's short term debt servicing problem. The soft terms of the loan would also provide relief for the debt servicing problem.

The School Lunch Program

The GOP has contributed an estimated $448,000 in locally-produced food commodities to the school lunch program in FY-75. An increase furing FY-76 is expected in the local contributions of food by the Government and from participants and communities. An annual increase target of 500 Mts of local food contribution has been established. Approximately 4,200 MTs is expected to be made available under the Title II agreement during FY-77.

The unavailability of sufficient locally produced food commodities and budget constraints will, in all likelihood, prevent the GOP from fully complying with both increased food contribution and infrastructure facilities (equipped kitchens and dining rooms) for the school lunch program unless these requirements are augmented through a Title I Sales Agreement.

The Peruvian Government recognizes the importance and necessity of a school lunch program, and significant steps have been taken toward the institutionalization of the school lunch as an integral part of the school education service. Funds, which otherwise would have been used to pay ocean freight cost for the Government-to-Government program, are currently being utilized to improve the school lunch program. Nevertheless, to assure an institution base for a truly national school lunch program with full assumption of budget and technical responsibility by the GOP by 1979 requires the interim provision of commodities through a Title I program.

Counterpart Utilization

The Peruvian Government has been experiencing very large budgetary deficits over the past few years as a result of vigorous implementation of its development plans, largely State financed, with relatively slow expansion of government revenues. Consequently, the Government has had to rely heavily on internal and external financing

and has had to try to hold operational expenditures to a minimum. This restraint on spending has limited the availability of counterpart funding in support of loans from the various international credit institutions. In recent months, the GOP has taken steps to reduce subsidies and increase tax revenues; however, the budget deficits are expected to continue due to rapid expansion of expenditures and the problem of counterpart funding remains. The proposed PL 480 Title I loan will generate local currency counterpart funds which can be used to support other loan or grant programs of AID, the voluntary agencies, or of the international financial agencies, especially in support of priority rural development programs such as the planned small farmer production program in soya, corn, and potatoes and the small and medium scale irrigation programs.

III. COMMODITY REQUIREMENTS

Peru will have to commercially import approximately 800,000 metric tons of wheat, 450,000 of corn MT and over 50,000 MT of vegetable oils during 1976. The total need may be higher, since local production has been unable to keep pace with rising consumption. The proposed Title I program would enable the country to acquire a total of approximately 80,000 metric tons of food per year which would otherwise come out of the country's limited foreign exchange reserves.

The planning levels suggested are as follows:

	FY 1976		FY 1977	
	MT	($000)	MT	($000)
Blended Foods	4,000	1,148	6,600	1,894
Bulk Wheat	40,000	5,520	35,000	4,655
Corn	30,000	3,240	25,000	2,950
Vegetable Oils	10,000	551	10,000	771
TOTAL	84,000	10,459	76,600	10,270

TABLE 5

Country: PERU

PL 480-Title I Agreements and Shipments

Commodity	FY 1976 Request						FY 1977 Request					
	Agreement		Shipments		Carryover to Interim Quarter		Agreements		Shipments		Carryover to Interim Quarter	
	($000)	(MT)	($)	(MT)	($)	(MT)	($000)	(MT)	($)	(MT)	($)	(MT)
Blended Foods	1,148	4,000	Same		None		1,894	6,600	Same		None	
Bulk Wheat	5,520	40,000	Same		None		4,655	35,000	Same		None	
Corn	3,240	30,000	Same		None		2,950	25,000	Same		None	
Vegetable Oils	551	10,000	Same		None		771	10,000	Same		None	

PL 480 TITLE II PROGRAM

The following comments concerning the proposed FY 1977 Title II program are basically limited to the statistical information on recipient and commodity requirements as submitted by the VolAg cooperating sponsors - Catholic Relief Services, Church World Service and the Seventh Day Adventists. A synopsis of the Mission's review of each Voluntary Agency's Program Plan, as requested in AIDTO Circular A-287, together with definitive program recommendations, will be submitted by the end of July, pursuant to Lima 4865.

Maternal and Child Health (MCH)

The MCH program level for FY 1977 as requested by the VolAgs is for 80,000 recipients, an increase of 6,000 recipients as compared with the planned program level for FY 1976. This increase is fully consistent with the administrative and funding capacity of the VolAgs. However, this level still represents only a fraction of those in need of food assistance in Peru. Available information indicates that there are approximately 1,580,000 children under 5 years of age who suffer some degree of malnutrition. Of this total, only 100,000, or about 6%, are receiving some kind of food assistance from local and/or foreign sources. The 80,000-recipient MCH program planned for FY 1977, although important, will thus have only a partial impact on the overall needs of the thousands of mothers and children in need of such assistance.

Although some increase in MCH program levels is planned by CRS in FY 1977, the level remains well below that which the VolAgs feel they have the potential to reach. The VolAgs, however, are unwilling to undertake new programs or substantially expand existing programs, obtain additional staff, or seek additional GOP budget commitments until such time as Title II availabilities and AID/W policies are conducive to realistic multi-year planning and program implementation.

The Mission therefore recommends approval of the program levels proposed by the VolAgs relative to the MCH category. Approximately 60% of the total commodities programmed will be earmarked for MCH programs in the Sierra and the jungle. The balance will be utilized in programs benefiting urban poor in "pueblos jóvenes" communities.

Food for Work (FFW)

The FFW program level for FY 1977 as requested by the VolAgs is for 190,900 recipients. This is the same level as planned for FY 1976. Approximately 65% of the VolAgs' recipients in FY 1977 are programmed under FFW activities. The FFW program serves the dual purpose of achieving small community development activities (irrigation canals, farm-to-market roads, schools, etc.) while improving the diet of the workers and their families. The program has the full support of the Government and the recipient.

The Mission recommends approval of the program levels proposed by the VolAgs for this program.

Other Child Feeding and Day Care Centers (OCF)

The OCF program level for FY 1977 as requested by the VolAgs is for 44,000 recipients. This represents a substantial increase over the planned level for FY 1976. Although the Mission is sympathetic to selected increases in OCF levels, for example, for pilot day care centers in pueblos jóvenes which thus permit the mothers to seek productive employment to supplement the family's meager income, we share AID/W's concern that implicit long-term support or subsidization of institutions is inconsistent with Title II program objectives and guidelines. Thus, the Mission reserves any recommendation as to the appropriate level to be programmed for this category of recipients until we have had an opportunity to review the VolAgs' Program Plans in detail. Recommendations for OCF programs will be based on reasonable assurances that the GOP or other sources can and will assume responsibility for future support of individual OCF programs.

School Lunch Program

The national school lunch program in Peru is carried out through a Government-to-Government agreement, Transfer Authorization No.4651, which provides for a total of 13,680 metric tons of Title II commodities for approximately 500,000 children during the two year period ending December, 1975. In accordance with the approved PROP and agreements with the GOP, Title II support of the school lunch program will be provided through CY 1978. During this period the level of Title II support will be progressively reduced while the level of GOP inputs are planned to increase proportionally. An extension of the existing TA, or a new one, will be requested prior to December 1975, to provide for agreed Title II inputs during the phase-over period.

In addition to food support for the school lunch program, AID is providing technical assistance to the GOP entities responsible for planning and implementing the program through a contract with CARE. This assistance will terminate in December, 1975. The U.S. has also agreed to exempt the GOP from the payment of ocean freight charges during CY 1975 so that an equivalent amount may be invested for equipment, materials and training necessary to the effectiveness of the program.

Although GOP support for the school lunch program in terms of budgets, locally available commodities, etc., has increased relatively satisfac - torily, the Mission believes the phase-out schedule for Title II assistance may be too rapid to achieve. This observation partially relates to the termination by AID/W of school lunch programs previously administered by VolAgs, which has made it necessary for the GOP to seek to assume

responsibility for supplemental feeding for the most needy of the 100,000 children previously serviced by the VolAgs, in addition to maintaining agreed contributions to the Government-to-Government program. Moreover, the expansion of school enrollments in rural areas and pueblos jóvenes adds steadily to the numbers who should receive food assistance under the Government's program. The Mission does not at this time, however, recommend alteration of the schedule or Title II levels for this program. Rather, as discussed elsewhere, we recommend a portion of the reduction in Title II commodities be off-set through Title I Sales Agreements.

TABLE 6

PL 480 TITLE II PROGRAM
COMMODITY REQUIREMENTS/RECIPIENTS TABLE
FY 1977

I. Sponsor's Name: CATHOLIC RELIEF SERVICES - USCC (CARITAS)

A. Maternal and Child Health. Total Recipients: 60.0

No. of Recipients by Commodity	Name of Commodity	Pounds (Thousands)	Dollars (Thousands)
60.0	Flour	720	77
60.0	Rolled Oats	720	68
60.0	Bulgur Wheat	1440	117
60.0	Oil	360	126
60.0	C.S.M. Instant	1440	187
Total MCH 60.0		4680	575
	Ocean freight ($80.00 per M.T.)		170
		====	745

B. School Feeding. Total Recipients: 0

C. Other Child Feeding. Total Recipients: 15.0

No. of Recipients by Commodity	Name of Commodity	Pounds (Thousands)	Dollars (Thousands)
15.0	Flour	540	58
15.0	Rolled Oats	360	34
15.0	Bulgur Wheat	360	29
15.0	Oil	180	63
15.0	C.S.M. Instant	360	47
Total OCF 15.0		1800	231
	Ocean freight $80.00 per M.T.)		65
		====	296

D. Food for Work. Total Recipients: 150.0

No. of Recipients by Commodity	Name of Commodity	Pounds (Thousands)	Dollars
150.0	Flour	2700	288
150.0	Cornmeal	3375	219
150.0	Rolled Oats	2700	254
150.0	Bulgur Wheat	3375	273
150.0	Oil	1350	473
Total FFW 150.0		13500	1507
	Ocean freight (average $80.00 per M.T.)	=====	489
			1996

E. Other (Day Care Centers). Total Recipients: 15.0

No. of Recipients by Commodity	Name of Commodity	Pounds (Thousands)	Dollars
15.0	Flour	360	38
15.0	Rolled Oats	180	17
15.0	Bulgur Wheat	180	15
15.0	Oil	90	32
15.0	C.S.M. Instant	360	47
Total OTHER 15.0		1170	149
	Ocean freight (average $80.00 per M.T.)	====	42
			191

II. Sponsor's Name: CHURCH WORLD SERVICE (SMI)

A. Maternal and Child Health. Total Recipients: 5.0

No. of Recipients by Commodity	Name of Commodity	(Thousands) Pounds	Dollars
5.0	S.F. Flour	60	7
5.0	W.S.B.	60	7
5.0	S.F. Oats	60	7
5.0	C.S.M. Instant	138	18
5.0	Veg. Oil	60	21
Total MCH 5.0		378	60
	Ocean freight (average $80.00 per M.T.)	====	14
			74

C. Other Child Feeding. Total Recipients: 4.0

No. of Recipients by Commodity		Name of Commodity	Pounds (Thousands)	Dollars
	4.0	C.S.M. Instant	158	21
	4.0	S.F. Flour	104	12
	4.0	W.S.B.	158	18
	4.0	S.F. Rolled Oats	104	11
	4.0	S.F. Bulgur W.	104	9
	4.0	Veg. Oil	48	17
Total OCF	4.0		676	88
		Ocean freight (average $80.00 per M.T.)	======	25
				113

D. Food for Work. Total Recipients: 5.0

No. of Recipients by Commodity		Name of Commodity	Pounds (Thousands)	Dollars
	5.0	S.F. Flour	300	33
	5.0	W.S.B.	300	34
	5.0	S.F. Rolled Oats	300	33
	5.0	S.F. Bulgur Wheat	300	26
	5.0	Veg. Oil	72	25
Total FFW	5.0		1272	151
		Ocean freight (average $80.00 per M.T.)	====	46
				197

III. Sponsor's Name: SAWS (OFASA)

A. Maternal and Child Health. Total Recipients: 15.0

No. of Recipients by Commodity		Name of Commodity	Pounds (Thousands)	Dollars
	15.0	Wheat Flour S.F.	79	9
	15.0	Cornmeal S.F.	79	6
	15.0	Bulgur Wheat S.F.	79	7
	15.0	S.F. Rolled Oats	79	9
	15.0	Sorghum Grits S.F.	79	7
	15.0	C.S.M. Instant	337	44
	15.0	W.S.B.	317	36
	15.0	Oil	198	69
Total MCH	15.0		1247	187
		Ocean freight (average $80.00 per M.T.)	====	46
				233

C. Other Child Feeding. Total Recipients: 10.0

No. of Recipients by Commodity	Name of Commodity	Pounds (Thousands)	Dollars
10.0	S.F. Wheat Flour	209	23
10.0	S.F. Cornmeal	209	16
10.0	S.F. Bulgur	209	18
10.0	S.F. Oats	209	23
10.0	C.S.M. Instant	437	57
10.0	W.S.B.	437	49
10.0	Oil	132	46
Total OCF 10.0		1842	232
	Ocean freight (average $80.00 per M.T.)	====	67
			299

D. Food for Work. Total Recipients: 15.9

No. of Recipients by Commodity	Name of Commodity	Pounds (Thousands)	Dollars
35.9	S.F. Wheat Flour	280	31
35.9	S.F. Cornmeal	280	22
35.9	S.F. Bulgur	280	24
35.9	S.F. Oats	280	31
35.9	Sorghum Grits	280	25
35.9	W.S.B.	530	59
35.9	Oil	70	25
Total FFW 35.9		2000	217
	Ocean freight (average $80.00 per M.T.)	=====	73
			290

IV. Sponsor's Name: GOVERNMENT OF PERU

A. School Feeding Program. Total Recipients: 500,000

No. of Recipients by Commodity	Name of Commodity	Pounds (Thousands)	Dollars
500.0	S.F. Flour	3963	439
500.0	S.F. Bulgur	1487	126
500.0	C.S.M. Instant	3464	450
500.0	Oil	499	175
Total SF 500.0		9413	1190
	Ocean freight (average $80.00 per M.T.)	=====	330
			1520

APPENDIX A

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE ('X' APPROPRIATE BOX)
[X] ORIGINAL [ ] CHANGE [ ] ADD [ ] DELETE

PID DOCUMENT CODE 1

2. COUNTRY/REGIONAL ENTITY/GRANTEE
PERU

3. DOCUMENT REVISION NUMBER

4. PROJECT NUMBER
527-15-130-149

5. BUREAU
A. SYMBOL: LA
B. CODE: 3

6. PROPOSED NEXT DOCUMENT
A. [X] PRP [ ] PP B. DATE MO. 8 YR. 75

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)
[Soybeans, Corn & Potatoes Development]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
A. INITIAL FY 76 B. FINAL FY 79

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)
[Research and Development in Soybeans, Corn and Potatoes to increase Small Farmer Production.]

9. ESTIMATED COST (LIFE OF PROJECT)
($000 OR EQUIVALENT, $1 = 43.38)

PROGRAM FINANCING	AMOUNT
A. AID APPROPRIATED	1,793
B. OTHER U.S.	
C. HOST GOVERNMENT	2,401
D. OTHER DONOR(S)	
TOTAL	4,194

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS ($000)

A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR D. GRANT	FIRST YEAR E. LOAN	ALL YEARS F. GRANT	ALL YEARS G. LOAN
FN			443	-	1,793	-
TOTAL			443	-	1,793	-

11. OTHER U.S. ($000)

A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)
[To increase food productivity, income and employment for the rural poor.]

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)
[Primary purposes of the project are:
1) increased supplies of basic foodstuffs - corn, soybeans and potatoes,
2) increased employment opportunities among the rural poor,
3) improved and increased processing and marketing activities,
4) reduced food costs and improved nutritional levels.]

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)
No AID TDY assistance will be required. Technical inputs for project elaboration will be obtained from INTSOY, CIMMYT and the International Potato Center.

15. ORIGINATING OFFICE CLEARANCE
SIGNATURE
TITLE Director, USAID/Peru
DATE SIGNED MO. 7 DAY 2 YR. 75

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
MO. DAY YR.

AID 1330-2 (5-75)

GS

PID - RESEARCH AND DEVELOPMENT IN SOYBEANS, CORN AND POTATOES

I. SUMMARY OF THE PROBLEM AND PROPOSED RESPONSE

The principal goal of AID assistance in Peru, consistent with stated GOP priorities, is to "effect a substantial improvement in the productivity, health, and skills of the poorest majority of the population so that they will share equitably in the benefits of development." The specific development goals to which this project is addressed are to increase supplies of basic foodstuffs such as corn, potatoes, and soybeans at reduced costs and to provide increased income and employment for the rural poor.

The problems addressed by this project are low agricultural productivity, inadequate marketing and processing facilities for food crops, and lack of consumer knowledge regarding low-cost nutritionally sufficient diets.

The relationship between the problem addressed and the overall sectoral goal is clear. Improved production and marketing technology leads to increased supplies of food at lower costs, thus increasing the welfare of low-income consumers and producers alike. However, it is not enough to develop technology. It must be delivered to the user and the marketing system must be adequate to absorb increased supplies. Furthermore, maximum benefits from technology are often not realized because consumer habits inhibit full utilization of increased output. For example, high yielding varieties may not have the taste qualities traditionally desired by the population, thus market testing should accompany development of these varieties. A successful solution to the problem of low productivity in agriculture, and thus low farm incomes, requires an integrated technical assistance effort at all levels of the production, marketing, and consumption system.

Three crops -- corn, soybean and potatoes -- have been tentatively selected for integrated development under this project because AID resources are not sufficient to include a broader range of commodities. It is also felt that these three commodities should provide adequate opportunity to prove the viability of an integrated approach to crops.

These crops were selected for several reasons. Corn and potatoes constitute the basic diet of more than 50% of the Peruvian population, most of which are poor, subsistence farmers living in the Sierra. About 60% of the total land planted to corn is located in the Sierra with average yields of 900 (kg/ha). The average national yield for corn is 1,600 (kg/ha). With respect to potatoes, more than 95% of the total area planted to this crop is located in the Sierra with average yields of 5,800 (kg/ha). The average national yield of potatoes is 6,100 (kg/ha). These yields compare to world average yields of 2,500 kg/ha and 13,000 kg/ha for corn and potatoes respectively.

The soybean is not widely grown in Peru, but the MINFOOD gives high priority to its introduction and promotion because of its high oil and

protein content and because a significant amount of foreign exchange is spent by the GOP on oil, meat and bean imports. Preliminary economic and technical analysis indicate that the crop would be a profitable new addition to the crop system as well as greatly increasing available protein supplies.

Increased productivity in these crops will have a significant direct impact on the welfare of the rural poor. Lessons learned from this concentrated effort to increase productivity at all levels of those crop systems should be directly transferable to most other agricultural commodities. Demonstration of the magnitude of benefits derived should stimulate GOP investment in further integrated crop development programs.

A minimum level of results required to achieve project purposes are as follows:

1. widespread adoption of one or two new varieties and two or three packages of new production technologies for each crop;

2. development of an effective outreach program in each crop, including a certified seed distribution system and a mechanism for effectively demonstrating cultural practices to farmers;

3. identification of optimum marketing systems through research;

4. identification of processing requirements and firm estimates of investments needs;

5. research to determine feasible product uses and alternative product forms;

6. research to develop new high yield, disease resistant seeds, which are not heavily dependent on fertilizers or irrigation, and

7. research in consumer acceptance of alternative products.

AID-financed inputs required are:

Technical Experts

1. technical advisor in genetics, agronomy and pathology,

2. outreach specialists to develop a seed distribution system and advise GOP counterparts on improved methods of extending new technology to farmers,

3. advisors in processing technology to assist in the development of alternative product forms and to determine the investment and human resources required to implement required processing facilities,

4. marketing specialist to advise on technical aspects of research and development aimed at an improved marketing system, and

5. a marketing economist to advise on the development of research leading to a more efficient marketing system, and to advise on consumer acceptance research.

Training and Studies

1. funds for in-country training in technical and managerial aspects of production, processing, marketing and consumer education for each crop,

2. funds for carrying out required technical and economic studies.

Commodities

1. research equipment, e.g. for producing innoculants for soybeans, basic laboratory equipment, etc.

2. equipment and funds for development of a seed distribution system. This includes equipment for seed selection and treatment sufficient to plant approximately 9,000 has. for each crop by the end of the project and to develop funds for the purchase of seed from collaborating farmers.

3. equipment for the operation of experimental soybean extraction/ processing plants. For example, the Institute for Agro-Industrial Research proposes a series of trials toward the development of consumer-acceptable soybean milk products.

Project Life

Propagation of already-developed new varieties in quantities sufficient to extend to significant numbers of producers will require two years. Marketing, processing, and consumer studies can be carried out beginning with the first year and will require approximately two years to complete.

Development of further new varieties and research on production response of alternative agronomic practices will be carried on simultaneously, enabling a new cycle of seed production to begin during the third year of the project. Follow-up activities during the third year will be required to insure project momentum is maintained by the GOP.

Sufficient quantities of production will be available by the second year to require investment in processing and marketing facilities on a pilot commercial basis. Investment funds for commercial facilities will not be included in this package, as AID loans 057 and 058 will be available and a new marketing loan is being developed.

Assumptions pertinent to project success, in addition to availability of sufficient investment capital, are:

Soy beans not established crop
corn seed fert[illegible] = won't improve yld long period : multitude
microclimates // not [illegible] significantly reaching small
farmers in time frame, so shd not be [illegible] described

1. the availability of sufficiently-trained counterparts at all levels of research,

2. GOP willingness to mobilize sufficient extension resources,

3. adequate fertilizer supplies,

4. the availability of sufficient on-farm agricultural credits, and

5. a price policy conducive to adoption of new techniques and varieties.

A country-wide network of agricultural experiment station facilities is available for implementing the required agronomic research. The Institute of Agro-Industrial Research (IIAI) has personnel and basic facilities, along with those available at La Molina University, sufficient to support project needs. FAO advisors at IIAI and International Potato Center (CIP) experts will be drawn into the research as required.

Crop research is already organized along commodity lines in the GOP research system. Additionally, the International Potato Center can provide inputs on a collaborative basis. A corn research and development project, supported in the past by Rockefeller Foundation, provides the basic organization required to implement efforts for that crop. INTSOY (the International Soybean Institute of the University of Illinois) will provide the necessary expertise for development of the soybean project.

Preliminary economic analysis has indicated that official soybean prices would have to be raised to give sufficient profit incentive. High-level government officials indicated that this could be done. Fertilizer supplies are chronically short, but the GOP plans to continue fertilizer subsidies as an incentive to production.

Alternative approaches to solution of the problem of low agricultural productivity include: concentration of key resources, such as land, water and management; concentrating only on one element of the vertically integrated system or identifying and removing a wide variety of bottlenecks throughout the sector. A concentrated commodity approach at this stage of Peruvian development is deemed to have great potential because:

1. it will have maximum direct benefits, per dollar of T.A., in the form of increased output and farm income,

2. it will demonstrate the interaction of a wide variety of factors required to successfully break the vicious circle of low-productivity, low-surplus and low investment which has kept the majority of Peru's rural population in poverty. Thus, a frontal integrated attack on the problems of three key commodities should, in a minimum amount of time and with

minimum T.A. expenditures, provide a model which in turn will guide such efforts in other commodities.

Direct beneficiaries are small farmers through reduced costs, higher output and increased opportunities for employment in processing and marketing activities. Poor urban consumers will also directly benefit through reduced food costs and improved nutritional levels. Indirect beneficiaries are producers of other crops whose productivity and vertical development will gain from lessons learned in this experience, and the GOP, through foreign exchange savings.

II. FINANCIAL REQUIREMENTS AND PLANS

AID Contribution *

A.	Long Term Advisors	$ 624,000
	- agronomists (3 at 24 m/m ea) (Project leaders)	
	- outreach specialist (24 m/m)	
	- technical marketing specialist (18 m/m)	
	- processing specialist (18 m/m)	
	- economist (24 m/m)	
B.	Short Term Advisors (6 per crop at 2 m/ms ea.) (corn and potatoes only)	144,000
	- pathologist	
	- genetist	
	- processing technology expert	
	- technical marketing specialist	
	- marketing economist	
	- consumer economist	
C.	Training and Technical and Economic Studies	195,000
D.	Commodities (research equipment and experimental extraction/processing plants)	270,000

* An additional $98,700 is being provided for 22 mm soybean specialists under an on-going project agreement.

AID Contribution - cont'd

E. Seed Distribution Systems

Equipment and seed processing costs	$ 560,000
TOTAL	$1,793,000

GOP Contribution

1. Research counterpart personnel (252 m/m at $400)	$ 100,800
2. Extension personnel and costs (60 at $5,000/ year for 3 years)	900,000
3. Research facilities and equipment	500,000
4. Producer credits	900,000
TOTAL	$2,400,800

III. DEVELOPMENT OF THE PROJECT

The project will be developed by the USAID agricultural staff and GOP counterparts, with assistance from contracted specialists in agronomy, processing technology, and special economic aspects of consumer testing of new products.

The GOP, with USAID and contractor assistance, has surveyed variety availability, identified agronomic research necessary, developed a plan for certified seed production and distribution, identified extension/ demonstration methods and resource requirements, and have tentatively identified processing and marketing possibilities.

Research is needed to:

1. diagnose marketing and processing problems and recommend investment requirements for facilities, policy changes required, government-provided marketing services, such as grades and standards, and market information,

2. analyze supply and demand relationship to determine profitability, consumer costs, and foreign exchange savings,

3. identify specific researchable problems in production and processing and develop firm terms of reference, including specific technical assistance inputs required,

4. analyze the long-term benefits of the integral crop development approach, including impact on employment, income and nutrition and demonstration effects, and

5. identify and develop a mechanism for coordinating the various agencies involved.

The PRP will be submitted in September, 1975 and the PP during the second quarter of FY-76.

Sufficient resources for preparation of the PRP and PP are available through INTSOY (soybean), CIMMYT (corn), and the International Potato Center. No AID TDY assistance will be necessary.

IV. ISSUES OF A POLICY OR PROGRAMMATIC NATURE

1. Will the government be willing to support prices at levels profitable to producers? If so, what are the implications for foreign exchange and growth in total agricultural production?

2. Will sufficient extension personnel be made available to carry out seed distribution and demonstration of agronomic practices?

3. Will sufficient production credits be available to farmers?

4. The integral nature of the program presents a complex problem of coordination among various government entities. Thus, the implementation mechanism must be carefully designed prior to project approval.

5. The outreach capacity of INTSOY, CIMMYT and the International Potato Center, as contrasted to their established research capacity, will require further analysis during project development. Mission prior efforts to engage CIAT in a similar effort proved largely unsuccessful.

6. The Mission is proposing that the necessary authorizations be obtained to initiate this activity in FY 76. As indicated in the DAP and in project documentation for the Agricultural Institutional Development and Operations Project, including the Congressional Presentation Grant Activity Data Sheet, as the planning assistance under the latter project phases down USAID asssistance in Agriculture will be increasingly focused on the implementation of action programs such as the one described herein. This project evolves directly from our past and current assistance activities. Moreover, the project represents a significant initiative of the new Ministry of Food. Faced with serious food shortages and nutritional problems to be resolved, the Ministry is pressing and is itself pressed to move dynamically to rapidly expand the supply

and quality of traditional and non-traditional food crops. To postpone the initiation of this collaborative project for a year or more, will be to fail to support the Ministry and its clientele, both producers and consumers, in a responsible manner. Should it prove, nevertheless, impossible to obtain authorization to initiate the project in FY 76, the Mission will endeavor to allocate up to $200,000 under the Agricultural Institutional Development and Operations project to meet the minimum start-up costs of this new activity.

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (X' APPROPRIATE BOX)
[X] ORIGINAL [ ] CHANGE
[ ] ADD [ ] DELETE

PID DOCUMENT CODE: 1

2. COUNTRY/REGIONAL ENTITY/GRANTEE
PERU

3. DOCUMENT REVISION NUMBER

4. PROJECT NUMBER
527-26-150-152

5. BUREAU
A. SYMBOL: LA
B. CODE: 3

6. PROPOSED NEXT DOCUMENT
A. [X] PRP [ ] PP B. DATE (MO. YR.): 10 75

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)
[FOOD MARKETING DEVELOPMENT]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
A. INITIAL FY: 76 B. FINAL FY: 76

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)
[Establishment of Food Marketing Systems to Better Serve Producers and Consumers]

9. ESTIMATED COST (LIFE OF PROJECT)
($000 OR EQUIVALENT, $1 = S/43.38)

PROGRAM FINANCING	AMOUNT
A. AID APPROPRIATED	10,000
B. OTHER U.S.	
C. HOST GOVERNMENT	9,000
D. OTHER DONOR(S)	
TOTAL	19,000

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS ($000)

A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR D. GRANT	FIRST YEAR E. LOAN	ALL YEARS F. GRANT	ALL YEARS G. LOAN
				10,000		10,000
TOTAL				10,000		10,000

11. OTHER U.S. ($000)

A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)
[To increase technical and economic efficiency in the food marketing system and thereby improve agricultural development, rural employment, rural incomes, and availability of produce for the consumer.]

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)
[1) To increase rural incomes through the organization of producer-oriented produce collection centers.
2) To reduce food marketing costs caused by spoilage and excessive handling by middlemen.
3) To increase the quality and quantity of produce available to the consumer.]

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)

15. ORIGINATING OFFICE CLEARANCE
SIGNATURE: Donald Finby
TITLE: Director, USAID/Peru
DATE SIGNED (MO. DAY YR.): 7 25 75

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION (MO. DAY YR.):

AID 1330-2 (5-75)

...from who intended beneficiaries"

PID - MARKET DEVELOPMENT LOAN

I. SUMMARY OF THE PROBLEM AND PROPOSED SOLUTION

Increased technical and economic efficiency in marketing directly contributes to the objectives of agricultural development by reducing marketing costs or increasing consumer satisfaction. Reduced marketing costs contribute to higher producer incomes or to increased consumer well-being through lower product prices and tends to expand demand which provides a stimulus for increased production.

Serious problems exist at all levels of the food marketing system in Peru. Rural storage and collection facilities are practically nonexistent for many important crops, particularly for the more perishable fruits, vegetables, and tubers. Consequently, such products normally move through three or four intermediaries including local collectors, independent trucker-buyers, a regional wholesaler, and finally an urban wholesaler. This system is characterized by excessive handling costs and serious losses through spoilage. The disorganized, sporadic nature of rural collection causes irregular product flows and highly variable prices, thereby contributing to uncertainty on the part of producers and consumers alike.

The urban retail system is characterized by excessive numbers of small inefficient outlets, being composed of the traditional bazaar type, with individual product stalls located in centralized municipal markets, small "mom and pop" corner stores operated by a single family and thousands of semi-employed street vendors. A few retail chains with centralized warehouse facilities exist in the higher-income neighborhoods, but account for only 2 to 3 percent of total food sales. Inefficiencies existent in the traditional system include excessive labor requirements for handling of small lots, inadequate storage and refrigeration facilities which cause excessive losses through spoilage, lack of quality control, and highly irregular supply availability.

Results of a recent study of tomato marketing illustrate the kinds of problems that exist in Peru's food marketing system and suggests possible solutions. Retail prices varied between 8 and 22 soles/kg. during a six-week period and the average spread between producer and retail prices was over $.30/kg., i.e. the average marketing margin was almost three times the producer price of $.12/kg. The size of the margin appears particularly excessive on light of the fact that virtually no cleaning, packing, or grading services were provided. Physical losses alone were estimated to exceed 45% by weight.

A modern system would result in a price reduction of almost 20 percent owing to reduced operating and handling costs and elimination of virtually half of the physical losses currently experienced because of spoilage. Equally dramatic results are expected from modernization of the retail sector, largely through economies of scale inherent in a system of modern, self-service retail chains served by centrally located warehouses.

Other less tangible benefits are sure to arise. For example, an organized system of rural collection centers lends itself to the introduction of an improved grading system, which in turn improves market efficiency because prices thus reflect consumer preferences more accurately.

THE SOLUTION

Given the extremely serious problems evident in the food marketing sector, the GOP plans a complete restructuring of the entire system. At the rural level this restructuring is based on organization of agricultural supplies through introduction of a system of rural collection centers for the most important crops. A collection center is an organization sufficiently large to capture significant economies of scale, serving a major production area, owned and operated by producer groups such as agricultural production cooperatives. Physical facilities will normally consist of storage capacity and equipment for receiving, washing, sorting, packing and shipping the produce. Primary processing may also be included. Services to be provided by the centers include collection and dissemination of market information to producers and to consumers through appropriate government reporting organizations, grading, storage,and producer credit.

Restructuring planned at the retail level is based on gradual organization of consumer-operated chains of supermarkets in both rural and urban areas, with central warehouse facilities for bulk purchases, packaging services, and distribution services of sufficient size to effect economies of scale. As an intermediate step, recognizing that it is not possible to immediately leap to a full-scale, modern supermarket system, plans are to organize existing small retailers for the purpose of making bulk purchases as a group, thereby gaining some scale economies. It is expected that in many instances these organizations will be able to purchase supplies directly from rural collection centers. During this stage, already existing central wholesale markets will continue to function, although the law will be modified so that it will no longer be obligatory to market through these facilities. Producer-operated

collection centers will establish individual stalls in the wholesale markets of major cities, in addition to directly selling produce to retail chains.

As a complement to this newly organized market structure, the government will establish market information centers to collect, process, and distribute data on production, volume of produce in storage and commodity movements. The data will be published for general public consumption. Sources of information will include regular reports from collection centers, road check points, wholesale markets, retail markets, and producer surveys.

The program of market development described above has been approved in its broad outlines by the Minister of Food and was publicly revealed in a nationwide TV address in March 1975. It should be emphasized that the GOP gives top priority to establishing both rural collection centers and retail marketing facilities as organizations owned and managed by associated groups of producers and consumers respectively. Thus, a major assumption bearing on success of the project is that such cooperative groups can be successfully organized. An in-depth study of alternative organizations will be carried out to identify alternatives and to recommend the most viable organizational structures. The target groups to be affected by this project are agricultural producers, specially those small, economically disadvantaged groups most seriously affected by the inadequate market structure, and urban consumers in low income neighborhoods, who at present find their meager resources significantly depleted by inefficiencies in the current marketing system.

Specific project elements described below have been tentatively identified through prefeasibility studies and are considered by the GOP to be the minimum effort required to fulfill project purposes. The AID-financing and GOP counterpart proposed on this project will cover only the initial stage of the total program outlined below.

Twenty-nine rural collection centers will be established for principal horticultural commodities (including tubers), fruit crops, and grains. Three principal centers will be established for eggs, each associated with a network of sub-regional centers whose purpose will be to provide cold storage and cleaning services in all zones having a relatively high concentration of producers.

The program of retail market development includes:

1) organization of four zonal supermarket chains in Lima (four central warehouses, 30 supermarkets and 79 small or "popular markets"

that would service commodity needs in the poorest neighborhoods), 2) three supermarket chains in the major provincial cities of Arequipa, Trujillo and Chiclayo (3 central warehouses, 6 supermarkets, 13 superettes, 33 "popular markets" and 69 rural stores) and 3) twenty provincial (rural) retail chains (22 central warehouses, 20 supermarkets, 46 superettes and 530 rural stores). The retail establishments identified cover 656 population centers, including cities, villages, and small rural population centers.

The market news information system will have its principal office in Lima with three subcenters in Arequipa, Trujillo, and Chiclayo.

II. FINANCIAL REQUIREMENTS AND PLANS

The total costs of the program will be approximately $120,000,000 through 1980. This does not include the cost of rice storage facilities being developed under a separate program, nor marketing needs of the jungle provinces of San Martín and Loreto, for which a separate project is under study. Separate program also exist for development of meat and milk marketing.

Required AID loan support is estimated at $9-12,000,000 to be disbursed over a three-year period during 1976-79. Funds will be used for financing buildings, equipment, and feasibility studies. GOP counterpart is estimated at $9,000,000 for this first stage of the project. When the necessary feasibility studies (financed from Loan 049) are completed, the GOP will begin negotiations with other financial sources to obtain additional funds.

The GOP's tentative financial plan is as follows:

Source	Biennium 1975-76	Biennium 1977-78	Biennium 1979-80
		(Million US$)	
AID	2.0	8.0	-.-
GOP Counterpart, AID loan	2.5	6.5	-.-
Other GOP	-.-	16.0	20.0
Other Financial Institutions	12.0	24.0	24.0
	16.5	54.5	44.0

III. DEVELOPMENT OF THE PROJECT

Two prefeasibility studies have already been completed by the Executive Secretary of the Committee for Market Development: 1) Bases for the Restructuring of Systems of Food Marketing in Peru (January

1975) and 2) Restructured System of Food Marketing in Peru (June 1975). These studies analyzed the problems of food marketing in general terms and outlined an investment program in market development. Additional studies required for project development will be completed by November 1975. USAID and GOP resources will be sufficient to complete these studies as technical assistance funds from Loan 049 have been committed for this purpose. In addition to the USAID Agricultural Economist, a Marketing Economist will be available under the ISU contract to assist in development of the necessary studies.

The PRP will be submitted in October or November 1975 and the PP will be developed within three months thereafter upon receipt of AID approval.

IV. ISSUES OF A POLICY OR PROGRAMMATIC NATURE

1. GOP priorities vis-a-vis the organizational form to be promoted for recipients of land under the Agrarian Reform are still being debated. Selection of the appropriate business structure to manage the various marketing facilities contemplated under this loan project must be clearly agreed upon and USAID must be satisfied that organizational structures favored by the GOP are economically and socially viable.

2. Despite assurances that price policies will be conducive to positive economic returns for rural marketing enterprises, policy emphasis tends to shift over time between stimulating production and subsidizing poor, urban consumers. Analysis developed in the PRP will focus on this question.

3. Evidence shows that most associative enterprises recently formed under the Agrarian Reform have insufficient management capability. Adding a marketing enterprise to an already weak managerial structure would probably strain existing managerial capability, unless sufficient resources are devoted to training and technical assistance in this area.

4. The GOP appears to be placing very high priority on market development and should therefore provide adequate counterpart funds and personnel support making possible timely disbursement. A series of administrative deficiencies and ministerial reorganizations leading to policy vacillation effectively prohibited disbursement of funds under Loan 049. Firm policy commitment by the GOP and development of a functional administrative procedure must be assured before proceeding with the project.

APPENDIX C

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (IX APPROPRIATE BOX)
[X] ORIGINAL [ ] CHANGE [ ] ADD [ ] DELETE

PID DOCUMENT CODE 1

2. COUNTRY/REGIONAL ENTITY/GRANTEE
PERU

3. DOCUMENT REVISION NUMBER

4. PROJECT NUMBER
527-22-690-148

5. BUREAU
A. SYMBOL: LA
B. CODE: 3

6. PROPOSED NEXT DOCUMENT
A. [X] PRP [ ] PP B. DATE (MO. YR.) 12 75

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)
[EDUCATION SERVICE CENTERS]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
A. INITIAL FY 77 B. FINAL FY 77

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)
[Increasing Educational Opportunities While Reducing Unit Costs Through the Establishment of Education Centers]

9. ESTIMATED COST (LIFE OF PROJECT)
($000 OR EQUIVALENT, $1 = S/.43.38)

PROGRAM FINANCING	AMOUNT
A. AID APPROPRIATED	10,000
B. OTHER U.S.	-
C. HOST GOVERNMENT	5,000
D. OTHER DONOR(S)	-
TOTAL	15,000

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS ($000)

A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR D. GRANT	FIRST YEAR E. LOAN	ALL YEARS F. GRANT	ALL YEARS G. LOAN
EH				10,000		10,000
TOTAL				10,000		10,000

11. OTHER U.S. ($000)

A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)
[To improve quality, access and opportunities in education for the rural and urban economically marginal population groups.]

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)
[To organize, integrate and develop education service centers in selected education núcleos throughout the country.]

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)
1 - Economic Analyst - 15 days

15. ORIGINATING OFFICE CLEARANCE
SIGNATURE
TITLE Director, USAID/Peru
DATE SIGNED MO. 7 DAY 25 YR. 75

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
MO. DAY YR.

AID 1330-2 (5-75)

PID - EDUCATION SERVICE CENTERS

I. SUMMARY OF THE PROBLEM TO BE ADDRESSED AND THE PROPOSED RESPONSE

The GOP is undertaking a substantial reform of the education system, attempting a transition from a traditionally elitist system to one in which all members of the society have equal access to and opportunity for quality education. The most critical deficiencies in educational programs and services are found in rural areas and those parts of urban areas where the economically marginal population groups reside. There is a critical need in these areas for the same educational services and facilities already available to the more advantaged economic population groups. Library materials, instructional materials, laboratories, workshops, audio visual aids, etc., are non-existent in many schools and even some núcleos[1/] in the country.

To attempt to equip every school with even a minimum of equipment is out of the question, since currently 18.5% of the GOP budget is provided to Education and increased enrollments and salary levels will consume increases in the Ministry's budget. The GOP is currently studying the feasibility of utilizing existing community facilities such as public libraries, factory, workshops, and municipal buildings to serve also as education facilities, where available, to provide improved education services. Another approach, where facilities are totally inadequate or unavailable, is to construct and equip a central education service unit to serve the entire núcleo.

These approaches are being proposed for AID support, subject to the results of studies now underway. This project would assist the GOP to centralize education services in the educationally disadvantaged núcleos in Peru such as those in Puno, Piura and mountain areas, as well as those serving pueblo joven communities in coastal urban areas. Appropriate núcleos, where justifiable by student population concentration, will be assisted in developing an education center to serve formal and non-formal education students by providing stationary and mobile library facilities, science laboratory facilities, vocational workshops, audiovisual materials and office space for the administration of the núcleo.

This project will fund the construction, equipment and training of personnel for some ten education service centers at a cost of approximately $1,000,000 each in educationally disadvantaged areas of Peru. The project will further fund equipment purchases and training to complement the organization of ten education services centers at a cost of approximately $500,000 each in educationally disadvantaged areas of Peru where some facilities currently exist.

1/ A núcleo is a education administrative unit with defined geographical boundaries similar to a school district.

Under the loan, technical assistance will be required in the design of facilities and the training of staff for each center. Commodities will be required to equip the libraries, laboratories and workshops.

It is estimated that funds totalling $10 million will be disbursed over a three-four year period beginning in FY 1977.

In proposing this project the Mission assumes that:

a. there are a significant number of areas in Peru where student population density and transportation services will justify the development of education service centers,

b. that students, if properly motivated, will avail themselves of these services facilities,

c. that teachers will adapt to the service center concept, and

d. that community facilities will be made available to the education sector.

Assumptions a) and d) should be verified as the current investigations produce their results.

The GOP, with assistance from AID, recently completed a pre-feasibility study to determine the potential advantages of education service centers and to set forth alternative types of service centers that should be considered. The study recommended more specific investigations into areas of the country where the concept would be appropriate and to improve upon the rough cost estimates made in the pre-feasibility study.

This project has been selected because of the potential that it has for providing substantially improved educational opportunities to the economically marginal population groups. It represents an opportunity to provide these facilities at substantially lower unit cost than the conventional approaches to equipping individual schools. The pre-feasibility study suggested that, over a twenty year period, cost per student year, including capital investments, will amount to approximately $8.00 while the more conventional approaches would be double and perhaps triple those costs. (See also Education Sector Assessment for discussion of alternatives.)

The project will not only have an important spread effect in Peru but may also serve as a model for similar programs in other parts of the world. For example, two or three such programs are now being

considered by other donors in Malaysia, Brazil and Guatemala; however the information base is still minimal.

The GOP sees this as a pilot effort for them in the establishment of Education Service Centers throughout the country. Once again, we must wait for the results of investigations now underway to determine what magnitude of service centers are feasible and required. However, estimates suggest that upwards of 80 such centers, each serving 25,000 to 30,000 students, might be utilized in Peru as a final goal for the GOP.

II. FINANCIAL REQUIREMENTS AND PLANS

The best estimate of costs to establish ten new centers and organize 10 other centers using existing facilities is approximately $15,000,000 broken down as follows.

New Centers:

Construction	-	$600,000	
Equipment	-	350,000	
Training	-	25,000	
Advisory Services	-	10,000	
Other Costs	-	15,000	
Land	-	Contribution	
		$1,000,000	
Ten at $1,000,000			$10,000,000

Improvement of Facilities:

Construction and Remodeling	-	$150,000	
Equipment	-	300,000	
Training	-	25,000	
Advisory services	-	10,000	
Other Costs	-	15,000	
		$500,000	
Ten at $500,000			$ 5,000,000

AID's contribution to this project would be $10 million in loan funds broken down for the 20 center as follows:

Construction	-	$ 2,500,000
Equipment	-	6,500,000
Training	-	500,000
Advisory Services	-	200,000
Other Costs		300,000
		$10,000,000

The $5 million contributed by the GOP would be for construction. It is not anticipated that other donors will be directly involved in this effort.

Although not directly related to this activity the World Bank and the Hungarian Government are providing loans to the GOP to develop a secondary level comprehensive school program. The facilities being developed under those loans could be utilized in the service center concept.

III. DEVELOPMENT OF THE PROJECT

As mentioned previously, a pre-feasibility study for this project was completed for the GOP and USAID in May of 1975. The contractor provided preliminary information on costs, feasible alternative centers in two locations near Lima and recommended that the project advance to the feasibility study stage to refine cost estimates, determine population densities and select appropriate núcleos for consideration.

USAID plans to supportthe feasibility study under a grant PP now being negotiated and to be presented to AID/W in July, 1975, under the Education Reform Assistance Project. In addition to pursuing the recommendations contained in the pre-feasibility report, the feasibility study will be designed to provide during the earliest stages the requisite information necessary for the development of a PRP and PP for this loan effort.

The Mission intends to present the Education Service Center PRP in November, 1975. Although most information required for the PRP should be available through the pre-feasibility study and the early stage of the feasibility study, the Mission will require the services (approximately 15 days) of one economic analyst to assist in making the final determination of feasibility.

IV. ISSUES OF A POLICY OR PROGRAMMATIC NATURE

1. The Education Service Center concept as described herein would clearly improve significantly the educational opportunities and instruction of disadvantaged children from urban marginal areas, such as Pueblos Jóvenes, and the larger rural towns, such as Cuzco, Huancayo, Puno and Piura. A fundamental question to be addressed in the feasibility study, however, is the extent to which less populated rural towns and villages could be benefited by such a program, as it is these areas which have the greatest need for improved education services.

2. The willingness and capacity of the Ministry of Education to provide adequate support to centers once placed in operation, and the GOP's ability to finance additional centers with its own resources will also require further analysis.

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (X' APPROPRIATE BOX) — [X] ORIGINAL [ ] CHANGE [ ] ADD [ ] DELETE — PID DOCUMENT CODE: 1

2. COUNTRY/REGIONAL ENTITY/GRANTEE: PERU

3. DOCUMENT REVISION NUMBER:

4. PROJECT NUMBER: 527-15-120-150

5. BUREAU — A. SYMBOL: LA — B. CODE: 3

6. PROPOSED NEXT DOCUMENT — A. [ ] PRP [X] PP — B. DATE (MO. YR.): 12 76

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)

[USE OF TREATED SEWAGE FOR IRRIGATION]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION — A. INITIAL FY: 77 — B. FINAL FY: 78

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)

[Irrigating for Food Crops on Peru's Coastal Desert Using Sewage Lagoon Effluent.]

9. ESTIMATED COST (LIFE OF PROJECT) ($000 OR EQUIVALENT, $1 = S/43.38)

PROGRAM FINANCING	AMOUNT
A. AID APPROPRIATED	200
B. OTHER U.S.	-
C. HOST GOVERNMENT	70
D. OTHER DONOR(S)	-
TOTAL	270

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS ($000) — 11. OTHER U.S. ($000)

A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR D. GRANT	FIRST YEAR E. LOAN	ALL YEARS F. GRANT	ALL YEARS G. LOAN	A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
FN			125	-	200				
TOTAL			125	-	200		TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)

[Demonstrate the practicality of irrigating thousands of acres of Peru's coastal desert with sewage lagoon effluents to raise needed food; conserve scarce water; eliminate contamination of streams and nearby ocean fronts.]

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)

[To develop approximately 120 ha. of barren coastal desert for cooperative farming for food production utilizing Villa El Salvador sewage lagoon effluent, rich in mineral fertilizer, for irrigation.]

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)

No AID TDY assistance requirements anticipated.

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE

TITLE: Director, USAID/Peru

DATE SIGNED (MO. DAY YR.): 7 2 75

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION (MO. DAY YR.):

AID 1330-2 (5-75)

Why A.I.D. involvement becomes valuable PVO action [illegible] strategy?

PID - USE OF TREATED SEWERAGE FOR IRRIGATION

I. SUMMARY OF THE PROBLEM TO BE ADDRESSED AND THE PROPOSED RESPONSE.

Peru's coast has a paucity of land under cultivation and an ever increasing shortage of food. Sierra farmers who have had too little land on which to make a subsistance living have migrated to the large coastal cities and aggravated the food problem while remaining economically marginal and concentrated in pueblos jóvenes. Enormous quantities of scarce water on Peru's barren coastal deserts are being thrown away every day by discharging all sewage, untreated, into the coastal streams and ocean fronts. This not only wastes water rich in mineral fertilizers, but thoroughly contaminates the streams and ocean and disrupts the aquatic environment. Peruvian authorities, for lack of knowledge about low cost oxidation lagoon treatment of sewage, have not used this potential for making selected desert areas very productive. Utilizing the sewage of their cities would bring literally thousands of coastal desert hectares into food production.

Approximately 20 kilometers southeast of Lima the Pueblo Joven of Villa El Salvador, a satellite town of approximately 80,000 at the present time, and with a planned maximum population of 150,000, is just now getting water and sewer services installed. As part of the sewerage system there will soon be constructed a series of lagoons wherein sewage will be oxidized by natural processes, rendering the final effluent totally free of bacteria but saturated with mineral nutrients. To date there are no plans for utilizing these discharged waters. It will be poured out onto the desert sands and be lost through percolation and evaporation.

Near these sewage lagoons the Ministry of Agriculture (MOA) has identified some 900 hectares of desert which lends itself to being irrigated for food crops - i.e., the slopes are right, the sands are not rocky nor are they saline.

The project proposes to utilize a portion of the oxidized sewage effluent from these lagoons to irrigate approximately 120 hectares dedicated to growing food crops. Former Sierra farmers in Villa El Salvador have already organized themselves into a cooperative, "Las Vertientes de la Tablada de Junín, Ltda." This Cooperative will select those who will till these new agriculture lands.

Land development will consist of constructing all canals, weirs, control gates, service trails and small structures necessary for controlled delivery of water and for cultivation. The lagoon effluent will be delivered to one of the parcels by gravity flow; the other parcel, to be located on ground higher than the lagoons, will be pump fed.

With good sized cooperative-operated farms demonstrating what can be done with effluent irrigation, there is reason to believe that this project will be copied on much larger scales around Lima, by many other Peruvian coastal cities, and quite possibly by certain Sierra cities as well. Up to 12,000 hectares of potentially irrigable desert lands have been identified within what is estimated to be economical pumping distances from Lima. Today Lima discharges over 10 metric tons of raw sewage every second, part directly to its Rimac River and the remainder directly into the adjacent bay. This volume of water, treated in sewage lagoons, can irrigate in the order of 8,000 to 10,000 hectares producing food crops. Moreover, by 1990 Lima's volume of water consumption, and therefore sewage discharge, will approximately double.

The cost of land needed for a sewage lagoon system near most cities in the world makes the cost of lagoon oxidation treatment equal to or greater than conventional plant treatment. For Lima and coastal Peru, however, all the vacant desert land needed for any given lagoon system can be made available at virtually no cost. For this project the lagoons will have been built, will be operating and the effluent available for irrigation. Despite these favorable circumstances, sewage effluent irrigation has not been developed in Peru. Oxidation lagoons for sewage treatment are quite new, however, the concept having been developed little more than 20 years ago. Therefore, there is need for a large scale demonstration project, especially as to the economic and social benefits associated with a lagoon system.

The Villa El Salvador cooperative will need technical assistance in developing the irrigation networks for these new lands and, at the start, for planting and irrigation. Techniques of water application and of cropping will be quite different from what these farmers knew in the Sierra. It is estimated that the requirements will be two man years each for two agriculture engineers with irrigation experience, two civil engineers and two agronomists, i.e. six men for 12 man years. Men qualified in these disciplines are available in Peru and will be provided by the Ministry of Agriculture.

Project construction will be simple. It will call for a pump, a small amount of piping, a complete network of canals (mostly hand dug) plus concrete control gates and weirs for delivering water to every plot of land, plus some land shaping, service roads, and a couple of simple, low cost buildings. Laborers will be paid going wages. Construction equipment requirements will be few. A couple of cement mixers, perhaps a motor grader, and other needed small machines would be rented as required.

It is assumed that land identified for this development will be available at no cost; that treated water from the Villa El Salvador sewage lagoons will be available in more than adequate quantities; that farmers from the cooperative will be available to till the land; and that the MOA/Dirección General de Aguas (DGA) will organize the project and coordinate closely with the cooperative in getting everything accomplished in a timely manner. These assumptions will be confirmed prior to PP submissions.

Peru's development program continues to place high priority on irrigation projects. Until very recently, however, large schemes have commanded most of the GOP's attention. This year, 1975, saw the start of focusing on helping the smaller farmers with small irrigation projects. The IDB, through the Linea Global, is supporting selected medium and small irrigation projects. The IBRD is also interested in reclaiming lands on the coast through desalinization, drainage, and rehabilitation of existing irrigation works.

The DAP places a high priority on irrigation concentrated on small Sierra projects. Given the multiple benefits to be derived, this project is seen not as an alternative, but as a logical extension incorporating a new concept for irrigating and producing food crops in Peru while solving serious environmental problems.

An example of what can be done: Near Villa El Salvador, just below another very similar satellite town, San Juan, the Ministry of Health (MOH) has been treating sewage in a system of oxidation laggons since 1967. The MOH has accumulated considerable data on the operation and efficiency of these lagoons, including analyses of the effluents. Unfortunately there has been no organized effort to experiment with food crop production utilizing the effluent or for determining costs and benefits.

Recently the Ministry of Agriculture has been experimenting growing trees -eucalyptus, pine, fruit and others on the adjacent barren desert with very good results. Part of their

experimental area uses effluent irrigation and part uses untreated sewage, the latter being drawn off from the sewer main just above the lagoons. These experiments do not utilize all the San Juan sewage, either raw or treated. A substantial volume of effluent goes on below the MOA experimental areas. Since shortly after these lagoons went into use, several squatters have made use of this excess effluent to grow limited food and forage crops. No one has yet systematically collected data on their crop production. However one recent survey of these farmers indicated good yields; typical examples of production per acre being; squash, 17,500 to 22,000 pounds; cucumbers, 7,000 to 8,800 pounds; and ear corn 1,750 to 2,200 pounds.

Thus the estimated direct project outputs are:

a. Approximately 120 hectares of presently barren desert converted to irrigated farm land,

b. Production of food crops on this land on the order of the yields indicated above, and

c. Employment and income generation for cooperative farmers from the pueblo joven.

The indirect output is the demonstration of the feasibility of replicating this project in thousands of hectares of desert and achieving a variety of economic, social and environmental objectives.

II. FINANCING

Of the estimated total cost of $270,000, the GOP will contribute $70,000 partly in kind and partly in cash. AID will provide $200,000 to cover costs of the project requirements described in the last paragraph of I.2. above. The following is a preliminary breakdown of the costs proposed for AID financing:

Land development	$ 10,000
Irrigation canal system	44,000
Concrete and steel for structures	9,000
Pump and piping	33,000
Common labor	53,000
Initial supply seed, pesticides, etc.	31,000
	$180,000
Contingency	20,000
	$200,000

III. DEVELOPMENT OF THE PROJECT

Early in FY 76 AID will provide $5,000 from Food and Nutrition Technical Support funds for project feasibility evaluation. Information available from the Ministry of Health on sewage lagoon operation and from the squatter farmers below San Juan will be gathered and evaluated to determine lagoon operating costs and farm production and operating costs. Work done to date by the MOA on developing parcels of land will be used for estimating costs for the irrigation system and for land development.

The feasibility study will be made by a Peruvian consultant or the DGA which has expressed interest in doing it themselves in-house.

The DGA of the MOA will be the cooperating institution. However, we also expect to be working indirectly with the Directorate General of Occupational Health and Environment of the Ministry of Health since they will be responsible for seeing that the lagoons function properly and deliver bacteria free effluent at all times.

The PP will be done by USAID/Lima staff, possibly with some local consultant assistance on agro-economics and demography. The PP will be submitted to AID/W in the first quarter of CY 76.

IV. ISSUES OF A POLICY OR PROGRAMMATIC NATURE

1. It cannot be stated for certain that Peruvian cities will put priority on such projects to develop the spread effect anticipated. Moreover, the collaboration of various ministries and municipal authorities will be required for each project. With regard to the latter concern, the pilot project will establish the administrative feasibility for executing projects of this nature serving multiply objectives and requiring inter-agency cooperation. The potential spread effect will be fostered by extensive project publicity.

2. Secondly, and of a programmatic nature, the Mission will recommend in the PP that authorization and funds be obtained to initiate this project during the second half of FY 76. The primary reason for this recommendation is that while the lands intended to be utilized for this pilot project are presently uninhabited, the pattern of rapid sprawl of pueblos jóvenes around Lima suggest that unless firm plans and actions are taken to set aside and develop the project area it may well become subject to squatter invasion. Early initiation of the project would preclude this from occuring.

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE ('X' APPROPRIATE BOX): [X] ORIGINAL [ ] CHANGE [ ] ADD [ ] DELETE — PID DOCUMENT CODE: 1

2. COUNTRY/REGIONAL ENTITY/GRANTEE: PERU

3. DOCUMENT REVISION NUMBER:

4. PROJECT NUMBER: 527-15-531-151

5. BUREAU: A. SYMBOL: LA; B. CODE: 3

6. PROPOSED NEXT DOCUMENT: A. [x] PRP [ ] PP B. DATE: MO. 11 YR. 75

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS): RURAL HEALTH DELIVERY SYSTEM

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION: A. INITIAL FY 77 B. FINAL FY 79

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS): Improvement of rural health utilizing mobile units and pre-and para-professional personnel.

9. ESTIMATED COST (LIFE OF PROJECT) ($000 OR EQUIVALENT, $1 = S/.43.38)

PROGRAM FINANCING	AMOUNT
A. AID APPROPRIATED	261
B. OTHER U.S.	
C. HOST GOVERNMENT	151
D. OTHER DONOR(S)	
TOTAL	412

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS ($000) / 11. OTHER U.S. ($000)

A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR D. GRANT	FIRST YEAR E. LOAN	ALL YEARS F. GRANT	ALL YEARS G. LOAN	A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
PH			122		261				
TOTAL			122		261		TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)

Development of a Health Delivery System in the rural areas of Peru.

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)

1) to bring at least minimal health services to Peru's disadvantaged rural population,
2) to provide the infrastructure necessary for university field programs,
3) to extend GOP health capability in the rural sector, and
4) to increase the level of medical and paramedical knowledge at the village level.

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)

One TDY Specialist in health delivery systems

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE: Donald Finley

TITLE: Director, USAID/Peru

DATE SIGNED: MO. 7 DAY 2 YR. 75

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MO. DAY YR.

AID 1330-2 (5-75)

Healthy sector ... mobile units relatively expensive (per TAH)

PID - RURAL HEALTH DELIVERY SYSTEMS ASSISTANCE

I. SUMMARY OF THE PROBLEM TO BE ADDRESSED AND THE PROPOSED RESPONSE.

One of the major development problems in Peru's rural areas is the lack of trained medical personnel capable of providing even the most rudimentary level of health care. While the present government has indicated a strong commitment to the construction of health facilities in the major populated areas outside of Lima, staffing and geographical problems still exclude the majority of rural dwellers from the type of medical assistance which would improve the quality of their lives. Medical posts and rural hospitals constructed by the GOP or other private donor organizations are frequently ineffective, since trained health specialists generally prefer to live and practice in the urban areas. As a result most rural inhabitants are almost totally isolated from an understanding of or an access to basic preventive medicine. The basic pattern is generally one of relying upon local "curanderos" or "curers" who usually apply a generous dose of folk medicine and witchcraft to minimal stores of actual medical knowledge. As a consequence rural infant mortality rates are extremely high, nutritional levels are low, and life expectancies are well below the national average.

Regional health centers in Peru are reasonably well equipped and staffed, but are almost exclusively directed at servicing the urban populations which are geographically convenient and have higher capacity to pay for services or are covered by Social Security. Given the inadequate transportation and communications networks with the rural areas, the majority of rural dwellers know little or nothing of the regional health facilities; in cases where such knowledge does exist, poverty and superstition make it unlikely that the bulk of the rural population would use them, except in extreme cases when it is often too late for effective treatment. The physical and financial inaccessibility of health services thus forces rural dwellers to rely upon local "curers" and such reliance serves to strengthen superstitious beliefs.

The GOP has long recognized the need to attract medical doctors, nurses, dentists and technicians to the rural areas, but has been unable to provide the facilities or economic incentives necessary to fulfill this need. Recently the Peruvian government took a first step towards this goal -- a Decree Law was issued making it obligatory for university students in these fields to spend approximately one year practicing in rural areas prior to receiving professional degrees.

The potential of this program is unquestionable, and with proper and timely assistance this type of program could be a first step in helping the MOH determine the bases for a nationwide rural health delivery system.

The proposed grant involves a three-year project designed to assist the Ministry of Public Health (MOH) in developing such a health delivery system in a pilot area in the Peruvian Sierra. The area will further be divided into three instructional zones. The area will be selected by USAID and the MOH and criteria for selection will include: (1) rural population to be served; (2) the administrative and technical feasibility of operating in the region; and (3) the replicability of the project to other rural areas of Peru.

There will be two major components to the program. First, the project contemplates a program of basic health care instruction, which will be held at the level of groups of rural communities which are located within a defined geographic area. It is expected that some 15 to 20 communities may be served by each instruction center. Two centers will be established during the first year, with additional centers set up in the second and third years. Participating communities will be invited to select one community member to attend a two or three-month course on basic preventative medicine. (During the preparation of the PRP, selection criteria will be formulated.) The level of instruction will be relatively unsophisticated, but will be sufficient to allow the participants to make basic diagnostic decisions, give injections and innoculations, and provide information on basic nutrition to community members. While course participants will visit regional health centers to become familiar with their facilities, the courses themselves will be held at the level of an association of cooperating communities, perhaps in conjunction with the local base organizations of ACOMUC* or the "nucleos escolares" or regional education units.

The second integral element of the project is the establishment of mobile health units equipped to make regularly scheduled visits to the same outlying rural areas where instruction centers have been established. It is anticipated that each mobile unit will be equipped with basic medicines and equipment and will require the services of university technicians participating under the GOP program -- most likely one final year medical student, two nurses, a dental student and one nutritionist. In addition to providing basic health services to the rural population (innoculations, diagnostic services, etc.) the technicians will work with locally recruited "promotors" in offering basic health care seminars to local residents. Each unit

*ACOMUC, the Association for Cooperation with Campesino Women, is a nationwide organization with affiliates in most Agrarian zones.

will initially service ten to twenty rural communities, spending one full day in each community on each visit.

This program is considered to be of greater potential than the alternatives of merely increasing accessibility to regional hospitals or the establishment of a number of smaller health centers throughout the rural sector. The greater potential lies in the assumptions that: 1) the establishment of a large and expensive (and probably inefficient) Social Security bureaucracy for the rural poor would not assure that accessibility would be increased or that a superstitious people would seek the services, and 2) given the shortage of professionally qualified medical personnel in Peru, more people could be better served at less cost by the health education mobile units program than by fixed, stationary health centers. The program also has the advantage of encompassing a basic health education program that regional hospitals can not devote adequate resources for (if the people were interested enough to attend) nor would a specialist have the time to devote to except on an ad hoc basis.

The combination of these two components will serve the following overall goals:

1) It will increase the extension capability of the MOH in the isolated rural areas of Peru;

2) It will provide the type of rural infrastructure necessary for success of the university field programs;

3) It will increase the level of medical and paramedical knowledge at the level of the community, by training local personnel who will become a permanent health resource within the community and who can refer patients either to the mobile team or to the regional health center.

Project implementation will occur over a three year period. During this period, AID will provide the services of a rural health delivery expert, who will spend a total of approximately six months per year in Peru, consulting with the MOH and operating technicians in the selected pilot area, developing the extension methodology to be used in training community leaders and working with the mobile unit team to determine the optimal use of the unit's time and skills. During the first year, the grant will also provide for the purchase and equipping of two mobile health units. During the second year a third mobile unit will be provided. Short term training, either in-country or in the U.S. or third countries will be provided to MOH technicians working on the development of a comprehensive rural health delivery program.

The MOH will provide personnel to man the health units and conduct the training courses, supplies and medicines, overall administrative support, and publications as needed.

The project seeks to benefit the poorest majority of Peru, those rural dwellers who have little or no access to health facilities. It proposes to show how the provision of relative unsophisticated medical services can increase life expectancy, decrease infant mortality, and increase nutritional levels in rural areas.

The proposed program is seen as complementary to the Responsible Parenthood PROP developed by USAID, under which INPROMI (Instituto de Neonatología y Protección Materno Infantil) will be working with high and medium risk mothers in a program of responsible parenthood. The INPROMI project also involves the use of mobile units in rural areas. If the pilot described in this PID develops into a nationwide program of rural health delivery, it would be complementary to the INPROMI program and it is possible that the two projects would eventually meld into one another, each building on the successes of the other.

II. FINANCIAL REQUIREMENTS AND PLANS

The total project cost, over a three year period, is estimated to be $411,620, of which $261,000 would be grant financed by AID. The breakdown of source and application of funds by year is given in Table I.

III. DEVELOPMENT OF THE PROJECT

1. Studies and Analyses

a. Determination of pilot areas - areas must be ones where project in and of itself will be beneficial and also have characteristics which insure replicability.

b. Determination of MOH capacity to implement project, and exploration of other potential implementing agencies.

c. Feasibility of placing medical students in rural villages, in addition to those who will make up the mobile unit teams.

d. Development of time-phased implementation plan.

2. Schedules

PRP submission - by November, 1975

PP submission - by March, 1976

3. AID resources needed to develop project, USAID will need at least one TDY specialist in rural health delivery systems for one week in September/October to assist Mission in development of PRP, and for one month in January/February to develop the PP. USAID does not have technical expertise in health, although a tentatively assigned population officer, currently scheduled to arrive in early 1976, may be able to assume implementation responsibilities.

IV. ISSUES OF A POLICY OR PROGRAMMATIC NATURE

1. The type of project envisioned is one of bringing relatively unsophisticated health facilities to a large number of rural inhabitants, at a low cost per capita. The GOP has, in the past concentrated scarce medical personnel and financial resources in the regional health centers which theoretically serve an entire region. During the preparation of the PRP, USAID will determine to what extent the MOH in fact is prepared to commit funds and personnel to previously ignored rural areas.

2. There is a continuing problem in Peru of retaining trained personnel in isolated rural areas, since cultural, physical and financial incentives are so much greater in the urban areas. USAID will carefully explore methods under which the GOP can offer incentives to personnel trained under project extension programs so that they will remain in their communities.

TABLE I: SOURCE AND APPLICATION OF FUNDS

(Figures in U.S. dollars)

	Year One	Year Two	Year Three	Total
A.I.D. Contribution				
1. Medium and short term advisors (at $4000 per man month)	24,000	24,000	24,000	72,000
2. Purchase and equipment of mobile health units (at $40,000 per unit)	80,000	40,000		120,000
3. Construction and Equipping community health instruction centers (at $5,000 per center)	10,000	15,000	20,000	45,000
4. Short term training for MOH technicians	8,000	8,000	8,000	24,000
Total A.I.D. Contribution	122,000	87,000	52,000	261,000
GOP Contribution				
1. Program supervision by MPH	6,000	6,000	6,000	18,000
2. Mobile Unit Health Care Personnel (at $140 per person per month)	6,720	13,440	20,160	40,320
3. Extension Agents of MOH to work in community instruction (at $3000 per person per month)	7,200	14,400	21,600	43,200
4. Publications	1,000	2,000	3,000	6,000
5. Medical Supplies and Equipment	5,000	10,000	15,000	30,000
6. Per diem to community trainees (20 participants at $2.50 per day for 90 days)	4,500	4,500	4,500	13,500
Total GOP Contribution	30,420	50,340	70,260	151,020
Total Project Costs	151,920	137,440	122,260	412,020

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (X APPROPRIATE BOX) — [X] ORIGINAL [ ] CHANGE [ ] ADD [ ] DELETE — PID DOCUMENT CODE 1

2. COUNTRY/REGIONAL ENTITY/GRANTEE: PERU

3. DOCUMENT REVISION NUMBER:

4. PROJECT NUMBER: 527 11-120-154

5. BUREAU — A. SYMBOL: LA; B. CODE: 3

6. PROPOSED NEXT DOCUMENT — A. [X] PRP [ ] PP B. DATE (MO. YR.): 10 75

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)

[WATER RESOURCES PLANNING]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION — A. INITIAL FY: 77 B. FINAL FY: 80

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)

[Technical Assistance in Water Resources Planning, Development and Management]

9. ESTIMATED COST (LIFE OF PROJECT) ($000 OR EQUIVALENT, $1 = 43.38)

PROGRAM FINANCING	AMOUNT
A. AID APPROPRIATED	1,007
B. OTHER U.S.	
C. HOST GOVERNMENT	590
D. OTHER DONOR(S)	
TOTAL	1,597

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS ($000) — 11. OTHER U.S. ($000)

A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR D. GRANT	FIRST YEAR E. LOAN	ALL YEARS F. GRANT	ALL YEARS G. LOAN	A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
FN			200			1,007			
TOTAL			200			1,007	TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)

[Development of Peruvian Water Resources in Order to Increase Food Production, Rural Employment, and Income.]

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)

[1. Development of technological packages for small farmers based on the results of research in soil, plant and water production relationships.
2. Improved programming of resources available for irrigation systems development to maximize the benefits for rural production and incomes.]

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)

No AID/W TDY assistance requirements anticipated for PP development

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE: David Ferby

TITLE: Director, USAID/Peru

DATE SIGNED (MO. DAY YR.): 7 27 75

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION (MO. DAY YR.):

AID 1330-2 (5-75)

knowledge ... made widely available
special assistance: desert land irrigation

PID - TECHNICAL ASSISTANCE IN WATER RESOURCES PLANNING, DEVELOPMENT AND MANAGEMENT

I. SUMMARY OF PROBLEM AND PROPOSED SOLUTION

Recognizing the need to more fully develop Peru's water resources, which is a critical obstacle to increasing food production, rural employment, and income, the GOP has undertaken the following water development program:

1. Large-scale new irrigation projects on the coast (the most important of which are Majes, Chira-Piura, Jequetepeque, Olmos, Tinajones and La Joya.

2. Reclamation-- through desalinization, drainage, and rehabilitation of existing irrigation facilities-- of already existing irrigated lands on the coast (project being developed for financing by the IBRD).

3. Small-scale irrigation projects in the Sierra, the purpose of which is to increase production through providing supplemental water during the regular growing season, enabling the introduction of double-cropping in many instances, and conserving soil and water through reforestation schemes (improved watershed management). Project works include construction of simple canals and diversion dams, rehabilitation of existing structures, on-farm land preparation, and reforestation. A priority program of small scale irrigation projects is being developed for AID loan financing.

4. Small to medium sized irrigation projects on the Coast and in the Sierra (Linea Global), the purpose of which is to increase water supplies to existing irrigation projects and to bring new lands under cultivation. The project focuses on 1000 to 5000 hectare areas but is otherwise quite similar in design to the large-scale projects noted in (1) above. IDB is currently financing this program and is negotiating a new loan for the same purposes.

External financing and assistance is being sought for all of the above development projects. The large-scale projects are already well financed and the reclamation, desalinization and drainage scheme will probably be financed by the IBRD. BID has an irrigation project (linea global) which focuses on "medium sized" (1,000 - 5,000 has.) projects in both the coast and sierra. USAID is preparing a loan to finance small-scale irrigation projects in the sierra. This is an integral program of management for the upper reaches of major watersheds, including development of low-cost, smaller-scale irrigation facilities (dams, canals, etc.) reforestation, organization of institutions for management, and demonstration of improved water-use technology to farmers.

In addition, the GOP is taking measures to improve water-allocation efficiency, including establishing a rational system of water tariffs and quotas, organization of water control districts and promoting improved systems for measurement and distribution of water to farms

In relation to the latter, the General Law of Water Use states that "agricultural use of water must be in accord with National Crop and Irrigation Plans, taking into account the consumptive use of different crops under varying climatic and soil conditions". In order to comply with the law, a national program of basic research is necessary to generate the required coefficients.

The above rather ambitious program requires a high-level of technical and managerial expertise and a large staff of engineers, economists, managers, and extension personnel. The MINAG is charged with primary responsibility for planning, implementing and monitoring the wide ranging water resource development program described above through its Directorates of Irrigation and Water Use.

The Directorate General of Irrigation (DGI) is basically responsible for planning and implementation of large-scale programs requiring complex engineering works. The Directorate General of Water Use (DGA) has overall responsibility for watershed management, i.e., is responsible for formulating water use policy. The agencies are quite well organized and have staffs of sufficient size to carry out a multifaceted program, particularly as to its engineering aspects.

Their capacity is limited, however, with regard to comprehensive planning of water resources utilization; the determination of priorities between programs; over-all systems management, including watershed management; and knowledge of water requirements of individual crops under differing soil conditions. USAID could thus make a significant contribution to water resource development in Peru by providing technical assistance in the following areas:

1. Programming and planning water resources development, conservation and management.

2. Economic and technical evaluation of alternative investment projects in order to select among alternative projects, supervise project works, and manage completed projects.

3. New techniques of water distribution.

4. Research on use of water by crop and soil types.

5. Determination of water costs, values, and optimal tariff schedules.

6. Determination of packages of agronomic practices and levels of fertilizer use that maximize water productivity under widely varying climatic and soils conditions and developing an extension mechanism for carrying information to farmers.

USAID proposes to provide technical advisors, training and research equipment to assist in the development of an adequate level of expertise in each of the above critical areas of research, extension and project development.

Major direct project outputs expected are:

1. Basic coefficients of soil, plant, and water relationships to be used in programs to improve the efficiency of on-farm water use.

2. Improved on-farm water distribution techniques.

3. Development of a homogeneous methodology for project analysis to be applied uniformly to the whole spectrum of water resources investment projects.

4. Development of a workable water-shed management plan for one key watershed, which would establish a permanent capacity for planning and management of watershed development within the DGA.

The indirect project beneficiaries are the millions of small and medium sized farmers who through their associated enterprises will receive improved production technology packages and the water resources necessary to implement them, thus increasing their production and incomes.

Grant funded technical assistance proposed under this project consists of two subject areas. The first is basic research for the optimum use of water resources for crop production. The second involves comprehensive planning for water resources development. This assistance will complement technical assistance planned under the FY 76 loan for Improved Water and Land Use in the sierra and the technical assistance currently provided under the Iowa University contact relative to Water Allocation Efficiency. Additionally, experts in desalinization and drainage will be provided by Holland in support of the loan project being developed by the IBRD. These activities collectively constitute a comprehensive technical assistance program tailored to the needs of the two MinAg Directorates charged with the planning and execution of the GOP's water resources management program.

Summary description of the two sub-sector assistance requirements to be met under this project and resources proposed for each are contained below:

Research for the Optimum Use of Irrigation Systems for Crop Production

Research in soil, plant, and water relationships is required to determine the best use and timing of water for various key crops under varying climatic and soil conditions. Such coefficients are required for adequate evaluation of project benefits and development of recommendations to farmers regarding efficient water application, optimal cropping patterns and fertilizer use.

Specific objectives of the program of research are: 1) to determine water requirements for principal crops that fall within the National Crop Plan, and 2) develop criteria for designing alternative irrigation systems-- including furrows, flooding, sprinklers and drip-system-- in order to obtain maximum efficiency in water consumption for varying soil types and crops. Areas to be investigated include:

1. Evaporation-transpiration

a. Meteorological information will be analyzed to formulate equations for estimating consumptive use of water by crops,

b. Field experiments will be conducted using such methods as gravimetrics, nutron scattering, soil moisture tension, and electrical conductivity, to measure consumptive use for purposes of adjusting the basic equations derived in (a) above.

2. Design of Irrigation Systems

a. Field tests to determine the necessary criteria for recommending improved methods of irrigation based on soil texture, crops and availability of water. Alternatives to be analyzed include furrow systems, flooding, sprinklers, and drip-systems.

b. Recommendations for improved on-farm practices will be developed from the above studies.

3. Scheduling Water Distribution

The basic water-use information will be used to design procedures for allocating water among irrigation districts.

4. Water Measuring Instruments

Adequate control of water distribution requires development of a simple, inexpensive measuring device at the point where water enters the individual farms. This will be tailor-made to suit existing conditions. Training of research and extension workers and development of programs for carrying research results to farmers are an integral part of the project.

The Mission is supporting a small, regionally-financed research project in this area but it is evident that a greatly expanded effort is essential. Minimum assistance should include the following inputs over a four to five year period:

1. Long-term Advisors

a. One Senior Irrigation Engineer (24 m/m) with research experience to coordinate the activity, select study sites, evaluate existing meteorological data and initiate procedures for data compilation and analysis.

b. One Irrigation Engineer (24 m/m) to design and supervise with GOP counterparts the engineering aspects of the intensive studies at each of two sites selected for the initial work.

c. One Agronomist (24 m/m) to design and supervise the agronomic aspects of the research in close collaboration with the irrigation engineer.

2. Short-term Consultants

To advise on specific problems, as identified by the principal researchers, up to 18 m/m may be required in the following specialities: a) Soil Physics, b) Engineering Specialist in evapotranspiration, c) Engineering Specialist in system design, d) Agronomy, e) Agricultural Economics, and f) Meteorology.

3. Equipment

a. Two four-wheel drive vehicles ($10,000).

b. Research equipment required but not available in Peru (up to $25,000).

Planning for Water Resources Development

Rational policy decisions --given the complexity of interrelationship among specific irrigation projects, conservation and management

requirements, agrarian reform, and national crop plans-- require elaboration of an integrated plan for watershed development.

The planning project will be carried out in three stages: 1) selection of a watershed to be used as the basic unit of study, 2) evaluation of water resources and soils, inventory of irrigation facilities, evaluation of economic conditions and possibilities for the watershed, and evaluation of the organizational structures necessary for both water users and government agencies, and 3) elaboration of an integral development plan. The plan must be capable of 1) translating long term goals into actions, including specifying irrigation works needed, capital requirements and user organizations needed; and 2) coordinating actions of a wide variety of agencies responsible for different aspects of the integral program (including "Special Projects", Agrarian Zones, and various MINAG bureaus). Development of the plan requires testing of alternative methodological approaches, basic research to elaborate required analyses, and training to upgrade skills of key personnel to insure follow-on development of the agency's planning capability.

This project's principal direct outputs will be a workable plan for integral development of water resources for a major watershed, and on improved capacity of the DGI and DGA to plan, execute and manage complex water development schemes.

Specific USAID inputs tentatively identified are:

Advisors

1. An advisor in systems analyses and other sophisticated planning tools to assist the DGI in the development and testing of alternative planning methodologies. He will serve, along with the principal counterpart, as the co-director of the planning project (24 m/m).

2. Approximately 78 man months of short and long-term advisory services for the development of the research necessary to select the watershed to be used as the basic unit of study, evaluation of water and soild resource availability, the inventory of irrigation facilities, and to condut economic analysis of alternative programs/projects. Required specialities tentatively identified include: (1) Water resources Economist, (2) Irrigation Engineer, (3) Soils Scientist, and (4) Hydrologist.

Training

Training requirements tentatively identified are of three types:

1. Long-term degree training abroad to develop key planning officials.

2. Short-term visits by GOP researchers and planners to acquire experience through direct observation of successful water resources projects in Mexico and the U.S., observation of modern systems of water resources management in operation, and consultation with specialists in advanced techniques of programming and analysis.

3. Development of a graduate-level "Institute of Water Resources Development" to insure follow-on long-term development of planning capability in water resources.

Specific requirements include:

(1) Five long-term participants for degree training in computer programming, project analysis, hydrology and water resource planning. (90 m/m)

(2) Short-term visits totalling 12 months for approximately 15 high-level administrators and experts with the DGI and DGA to visit conservation services (U.S.), Secretaria de Recursos Hidráulicos de Mexico, International Services in Irrigation and Drainage, and short-courses in planning, economic analysis, and other water resources related activities, (12 m/m).

(3) Short-term advisory services of one economist, specialist in water resources and an irrigation engineer (18 m/m) to assist the DGI to develop curriculum, advise on institutional organization and teach specialized courses, toward development of a Graduate Institute of Water Resources Development.

II. FINANCIAL REQUIREMENTS FOR USAID GRANT-FUNDED ASSISTANCE

AID Contribution

a. Long-term advisors

1) research in plant, soil and water rel. (72 m/m)	288,000
2) planning for water resources development (24 m/m)	96,000

b. Short-term consultants	
1) research (18 m/m)	72,000
2) planning (78 m/m)	312,000
c. Training	
1) long-term degree training (5)	90,000
2) short-term training tours	32,000
3) Development of Graduate Institute of Water Resources Development (18 m/m of advisors to develop curricula, teach and organize)	72,000
d. Equipment (computer programs, laboratory equipment, other computer software, photo interpretation equipment, etc.)	45,000
Total	$1,007,000

GOP Contribution

a. Counterpart personnel	
1) research (director - 2 principal researchers and 10 research assistants)	115,000
2) planning (director, 10 principal investigators, and 20 research assistants)	275,000
b. Secretarial and labor services	30,000
c. Computer time, equipment, office above	20,000
d. Funds for Special Studies	150,000
Total	$590,000

III. DEVELOPMENT OF PROJECT

GOP technicians, USAID and consultants contracted through a Central AID-financed regional contract with Utah State University will be responsible for the development of the PRP and PP.

The PRP will be submitted in October, 1975 and the PP will be submitted by the end of FY 1976.

IV. ISSUES

1. Past efforts to assist the MINAG in sector analysis and planning have met with difficulties owing to (1) inability of the MINAG to implement special studies using USAID funds and (2) inability to pay salaries sufficient to attract the high-level of expertise required in such analyses. The elimination of these past constraints to timely and effective project implementation will be the subject of special analysis during development of the project proposal.

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (X' APPROPRIATE BOX) — [X] ORIGINAL [ ] CHANGE [ ] ADD [ ] DELETE — PID DOCUMENT CODE: 1

2. COUNTRY/REGIONAL ENTITY/GRANTEE: PERU

3. DOCUMENT REVISION NUMBER:

4. PROJECT NUMBER: 527-13-995-153

5. BUREAU — A. SYMBOL: LA — B. CODE: 3

6. PROPOSED NEXT DOCUMENT: Individual OPG Proposals — A. [ ] PRP [ ] PP — B. DATE MO. YR.

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)

[PVO OPERATIONAL PROGRAM GRANTS]

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION — A. INITIAL FY 76 — B. FINAL FY 77 1/

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)

[Private and Voluntary Organizations Operational Program Grants]

9. ESTIMATED COST (LIFE OF PROJECT) ($000 OR EQUIVALENT, $1 = 6/43.38)

PROGRAM FINANCING	AMOUNT
A. AID APPROPRIATED	400
B. OTHER U.S.	
C. HOST GOVERNMENT	
D. OTHER DONOR(S)	
TOTAL	400 1/

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS ($000) — 11. OTHER U.S. ($000)

A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR D. GRANT	FIRST YEAR E. LOAN	ALL YEARS F. GRANT	ALL YEARS G. LOAN	A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
SC	740	920	150		400				
TOTAL			150		400		TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)

[To increase the participation of PVOs in the execution of socio-economic development activities.]

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)

[1) Increase of capacity of PVOs for program execution,
2) To design and execute programs aimed at the poorest majority through PVO participation,
3) To design and execute programs to increase the role of women through PVO participation.]

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)

1/ Represents first two years' funding requirements only for this continuing activity.

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE

TITLE: Director, USAID/Peru

DATE SIGNED: MO. 7 DAY 2 YR. 75

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MO. DAY YR.

AID 1330-2 (5-75)

NARRATIVE SUMMARY IN LIEU OF PID

PRIVATE AND VOLUNTARY ORGANIZATIONS
OPERATIONAL PROGRAM GRANTS

The Mission proposes that a minimum of $150,000 in FY 76 and $250,000 in FY 77 be programmed for PVO Operational Program Grants for Peru. These levels will permit the approval of three to four new grants per year and provide in FY 77 for second year funding of those OPGs initially approved in FY 76.

As knowledge of the OPG program has expanded among the PVOs in Peru, the response has been most encouraging. In addition to the Voluntary Agency Rotating Loan Fund project (which was submitted to AID/W and approved in FY 75 and involves the collaboration of Catholic Relief Services, Church World Service and the Seventh Day Adventist Welfare Service), the Mission has recieved information and/or reviewed preliminary requests for FY 76 OPGs from four PVOs representing potentially seven individual projects. We have encouraged another PVO, the Association for Cooperation with Campesino Women (ACOMUC), to think initially in terms of SDAA projects in FY 76 to acquire experience with AID, and vice versa, and to "graduate" to the OPG program in FY 77, if ACOMUC - AID collaboration evolves satisfactorily.

In explaining the OPG program to each PVO, we have emphasized the Congressional Mandate priorities and the priorities for USAID in Peru as contained in the DAP. Moreover, the OPG guidelines have been translated into Spanish and provided to the PVOs. In addition to explaining AID's sector priorities, we have particularly encouraged the PVO's to consider projects which would contribute to the integration of women into the economy. Finally, with particular focus on this latter objective, the Mission has sought out Peruvian PVOs to inform them of the OPG program. It is the Mission's intent to assure equal opportunity for local PVOs to compete for OPGs and to engage several of these local PVOs in the program.

Notwithstanding the encouragement and counselling being provided to PVOs by the Mission with regard to the OPG program, consistent with the OPG guidelines, it is left to each PVO interested in the program to define and develop its program proposal. In this regard, the Mission questions the consistency of the ABS instructions with the OPG guidelines in which the former states that OPGs should be planned as an integral part of the Mission's proposed program. Further, it has been left to each PVO to develop the proposals in accordance with their individual time constraints and needs. Thus, the imposition of a PID requirement for inclusion in the ABS, a

requirement above and beyond OPG guidance, was a concern for several of the PVOs with which we have had contact concerning this program.

Thus, although we requested and received PID-like submissions from several of the PVOs, the Mission has elected not to include individual PVO PIDs, per se, in the ABS, although summary information concerning these preliminary proposals is contained below. The reasons for this are several. One is that while the Mission is already aware of up to eight planned OPG requests during FY 76, the newness of the program cautions the Mission to program for only 3-4 at this time. Secondly, and similarly, while each of the preliminary proposals appear consistent with USAID priorities and the OPG guidelines, substantial effort will nevertheless be required to refine the proposals in terms of specific targets, costing, etc. Finally, time has not permitted a reasonable appraisal of the relative merits of the preliminary proposals already known to the Mission, or among these and others which the Mission believes may be forthcoming early in the fiscal year. We believe the information below, however, amply provides an overview of the types of proposals which will be developed and warrants the budgeting of not less than $150,000 for OPGs for Peru during FY 76.

1. The Team for Human Development (THD) - The THD is a Peruvian non-profit private organization founded in 1968. It carries out an active Program of skills training and human promotion generally in the urban marginal zones, or pueblos jóvenes, especially in and around Lima. The THD has a professional staff of 12 members and utilizes the voluntary services of over 800 high school and university students in its programs. The Mission has previous experience with the Team in the execution of two SDAA projects and has found both its programs and administrative capacity to be quite satisfactory.

The OPG proposal elaborated by the THD focuses on the pueblo joven of Pamplona Alta, located on the southern fringe of Lima. This pueblo joven, as with other pueblos jóvenes, consists largely of persons who have migrated from the rural areas in recent years with limited education and the absence of skills which would permit them to be effectively employed in the urban economy. Some 30,000 such families now lives in Pamplona Alta. The Team's approach emphasizes the integrated development of the family and the community. Its own program is primarily promotional in nature and consists of skills development, the promotion of community health and hygiene, including responsible parenthood promotion, and the organization of community development projects. In addition, the Team acts as a catalyst to attract government and other assistance in the actual establishment

of health services, small community industries, the execution of community betterment projects, etc. The Ministry of Health, the Ministry of Agriculture and SINAMOS collaborate with the Team in its present program. The project initially presented by the THD consists of five activities; a) initial education centers having as their primary objective the preparation of 600 children from disadvantaged homes and serving also as a day care center for working mothers; b) skills training for women both for employment and the home; c) youth activities aimed at organizing and promoting the participation of youth in community action; d) leadership training involving both men and women; and e) the design and promotion of community services, especially of a health and nutrition nature. The tentative budget proposed by the Team forthis program is $154,000 of which the Team desires a $108,000 OPG over a three-year period for training aids, equipment, and personnel.

2. CARE - Three preliminary proposals have been presented by this PVO.

a) The first involves the construction and rehabilitation of 60 kms. of irrigation canals in the northern coastal department of La Libertad. This program would be undertaken by CARE in coordination with ORDEZA. The labor requirements would be met by the project beneficiaries. CARE is presently participating in to a similar project with ORDEZA involving some 150 kms. of irrigation canals. For the execution of the expanded project, CARE estimates a requirement of $150,000, of which $85,000 would be requested from AID for materials and supervision.

b) In the same geographical area CARE, also in conjunction with ORDEZA, is constructing 400 classrooms, with labor being provided by the beneficiary communities. For this program, CARE is contributing $330,000 over a two-year period. CARE proposes to expand the program to add 100 additional classrooms benefitting 4,000 additional children. The preliminary budget for this program is $189,000. CARE proposes to seek $101,000 under the OPG program for materials and supervision.

c) Building upon it's experience as advisor to the GOP on the school lunch program, CARE is developing a proposal for a rural nutrition and basic health program to be centered in the Sierra. The program will include the training of para-professional personnel from this region in the areas of basic nutrition, hygiene, and the design and implementation of demonstration programs. CARE has not yet presented a preliminary budget for this activity.

3. Acción Comunitaria - This PVO, in conjunction with "Movimiento Derechos de la Mujer," is proposing a program that has as its objective the creation of community enterprises for women and thus provide needed employment and supplemental family incomes for poor families. Acción Comunitaria proposes to select two project areas from among the following locations: Lima, Cuzco, Arequipa, Chiclayo, Iquitos, Huancayo and Chimbote. Upon selection of the two target areas, Acción Comunitaria would conduct socio-economic studies of the population in the marginal zones to ascertain their skills and interest. It would undertake feasibility studies of small industries which could be established to provide employment for the target population. The program would finally provide for the establishment of small enterprises and any necessary training of the target population. At least three enterprises would be established in each of the two areas. The program will be carried out over a three-year period and would require an OPG of approximately $125,000.

4. Church World Service - This preliminary proposal involves both a nutrition rehabilitation element and a community services center. The former would be carried out in accordance with the "mothercraft center" concept, which has evolved in several LA countries in recent years. These centers provide nutritional rehabilitation for malnourished children. Mothers of the children gain knowledge on nutritional care by observation and participation with their children in the center program. Notwithstanding the high incident of malnutrition in Peru, present nutritional treatment is limited to a few urban institutions and is totally non-existent in rural areas, where the needs are greatest. Under this program, CWS proposes to establish three mothercraft centers as a first phase development to introduce this concept in Peru and to demonstrate its effectiveness and lower costs relative to institutional care.

As nutritional knowledge eliminates and prevents the spread of malnutrition over the years, CWS envisions an evolution from the "mothercraft" program to the development of self-supporting community services centers. These centers will serve as "núcleos" for community activities, and will provide an infrastructure for community development and assistance programs. The services offered will be many and varied ranging from child care centers, community laundries and baths, agricultural demonstration plots, community facilities for education and health presentations, etc. It is expected that small service charges for the services offered will generate enough income to keep the center self-supporting.

CWS proposes a two-stage development process. The first stage will involve the initial construction of the three "mothercraft" centers (two in rural areas and one in a Lima "pueblo joven"), and their later evolution into three pilot, multiple service, community centers. The second stage includes the establishment of 10 additional "mothercrat" or nutrition education and recuperation centers and 15 additional community service centers.

The total project costs (Stages I and II) are expected to be approximately $882,000. At this time, the Mission is considering only Stage I ($166,000). CWS is requesting an OPG of $100,000 for this first portion of the project. The initial stage of the project will require three years to carry out.

APPENDIX H
TABLE 7

SUMMARY TABLE
A.I.D. Financial Support for Private Voluntary Organizations
($ 000)

Country: PERU	FY 1976	INT. QTR.	FY 1977
ONGOING GRANTS:			
A. Ongoing OPG (initiated FY 75)			
Voluntary Agencies Rotating Loan Fund (CRS, CWS, and SAWS)	100	-	100
Subtotal	100	-	100
of which cooperatives	(-)	-	(-)
B. Non-OPG	1/ 2/	-	1/ 2/
NEW GRANTS:			
A. OPGs			
Private and Voluntary Organizations OPGs	150	-	250
Subtotal	150	-	250
of which cooperatives	(-)	-	(-)
B. Non-OPG	1/ 2/	-	1/ 2/
LOANS:	2/		2/

Notes:

1. Other PVOs are also utilized in conjunction with AID programs in Peru and/or receive support through AID/W. For example, CARE is completing a two-year Mission funded contract for advice to the GOP in the administration of school lunch program, Development Alternatives, Inc. is providing advice to ORDEZA in the evaluation of programs, etc.

2. Virtually all assistance programmed in the agriculture sector, loans, and grants, benefits directly or indirectly agricultural "associative enterprises", of which production and service cooperatives are the predominant form.

CENTRALLY FUNDED RESEARCH

The Mission offers the following selective comments on centrally funded research programs.

I. EDUCATION

The Mission would like to bring to the attention of AID/W, once again, the importance of utilizing a consortium group, possible coordinated by the Center of Applied Linguistics or a capable institution, such as Cornell, to conduct generalizable research and provide support, direction and coordination for bilingual education programs being undertaken simultaneously in Bolivia, Peru and Ecuador.

AID is supporting the two efforts in Peru and Bolivia and has shown interest in Ecuador's program. In the latter case, it is not certain if there is still AID financing of Ecuador's efforts.

It is extremely important that a single entity coordinate U.S. efforts in this field since there are varying philosophies in the academic world regarding the most effective approaches in attacking the problem of native monolingualism. In addition, U.S. resources with expertise in Latin American native languages are limited and must be used cooperatively instead of competitively in order to accomplish the objectives of the respective programs.

II. NUTRITION

The Mission recommends continuation of the research activities carried out through AID/W-funded Contract No.AID/csd-2986 in the Nutrition Research Institute of Lima with the participation of Dr. George G. Graham and other members of the John Hopkins University staff.

New sources of protein and their effect on the growth, development, and malnutrition treatment of infants and pre-school children are being tested. The tests include high protein Title II blended food like CSM and WSB. Reports of findings are made available to the Mission. The results of this research work is valuable to the GOP, AID/W, and the Mission in carrying out the food/nutrition programs.

The Mission has thus far received copies of reports on the following research work:

1. "The Evaluation of Three Varieties of Hard Wheat as Whole Wheat and White Flour in the Diets of Convalescing Malnourished Children."

2. "Nitrogen Retention and Growth in Children Receiving Diets with Uneven Protein to Calorie Distribution for Extended Periods of Time."

3. "Whey-Soy Mix."

4. "Growth of Previously Well-Nourished Infants in Poor Homes."

The research activities would be more beneficial to USAID/Peru if it is kept continuously informed of the results of research work. More coordination should be established between the research work carried out by the Nutrition Research Institute of Peru and the Mission's operational feeding/nutrition programs.