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MANAGEMENT ASSESSMENT OF  
ANDEAN DISASTER RELIEF ACTIVITIES

FINAL REPORT

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## PREFACE

This report reflects the culmination of a management assessment of AID's Andean disaster reconstruction activities in Ecuador, Bolivia, and Peru. The purpose of the review was to assess the planning and implementation of the disaster response in each country in order to provide the responsible missions and host governments with suggestions for effective management and timely completion of the projects. The complete scope of work is appended to the report as Annex A.

The principal oral guidance given to the assessment team was to help the missions improve the management of their programs. Therefore, much of the report includes suggestions and recommendations for AID/Washington or the USAIDs. In one sense, the report is not balanced, in that no attempt has been made to give equal time and space to accomplishments. For that reason, the Team wishes to go on record in commending the USAIDs for having planned and initiated quickly and efficiently very relevant disaster programs under extremely adverse conditions. Praise is also due to many host government institutions and individuals, and selected offices and individuals in AID/W.

The management assessment team consisted of:

- James L. Roush, a management consultant and economist with more than 25 years of direct AID management experience, team leader;
- Jorge Avalos, a civil engineer with more than 30 years' experience on road, water, and housing projects in the United States and Latin America;
- Ken Kusterer, an economic and rural sociologist with experience over the last decade in the evaluation and assessment of AID projects throughout Latin America;
- Jose A. Rodriguez, AID/FVA/FFP-PL 480 Title II Branch Chief for Latin America and Asia with more than 30 years of foreign service

experience in the fields of agricultural education and food for development programs; 1/

- Pablo Stone, an agriculturalist with more than 30 years' experience as a rural development specialist and food program manager in Latin America and the Caribbean.

To conduct this assessment, the team spent a week in Washington in an innovative team building program conducted for Checchi and Company by David Levine, then two weeks in Bolivia, three weeks in Peru, and one week in Ecuador. The team divided its efforts between research, interviews with USAID and counterpart managers in the capitals, and visits to implementing agency field managers in local headquarters and project sites. Team members talked with national or regional managers of more than one hundred agencies involved in carrying out AID disaster reconstruction activities (see Annex B) and visited more than 300 of the activity sites. The team debriefed USAID mission managers and project personnel in each country, host government counterpart project managers in Peru and Ecuador, and regional implementing agency managers in several departments of Peru.

Throughout the management assessment, the team enjoyed the full cooperation and assistance of USAID personnel, host government counterparts, and managers of implementing and food sponsoring agencies. Without this active support, it would not have been possible to conduct such a broad and wide ranging assessment in such a short period of time.

The Team gave an oral de-briefing at each mission prior to departure. A draft report was prepared in Washington and submitted to LAC/DR on September 24, 1984. The report was distributed to the field missions and various offices in AID/W. The report was then prepared in final taking into account the various comments received -- in some cases, mission comments have been incorporated (usually in bold face type).

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1/ Mr. Rodriguez has since retired from AID.

## LIST OF ACRONYMS USED IN THIS REPORT

AID/W	- Agency for International Development in Washington
BEDE	- Banco de Desarrollo del Ecuador
BEV	- Banco Ecuatoriano de Vivienda
BNF	- Banco Nacional de Fomento
CARE	- Cooperative for American Relief Everywhere
CDD	- Corporación Departamental de Desarrollo (Bolivia)
CORDE	- Corporación de Desarrollo (Peru)
CRS	- Catholic Relief Services
DINACE	- Dirección Nacional de Construcciones Escolares (Ecuador)
DRRR	- Disaster Relief, Rehabilitation & Reconstruction
DSDCS	- Disaster Surveillance Data Collection System (Bolivia)
EMA	- Empresa Municipal de Alcantarillado (de Quito)
EMPROVIT	- Empresa Nacional de Productos Vitales (Ecuador)
ENA	- Empresa Nacional de Arroz (Bolivia)
FENACRE	- Federación de Cooperativas de Ahorro y Crédito (Bolivia)
FFD	- Food for Development (Office of USAID)
FHI	- Feed the Hungry/International
FINCA	- Fondo Integral de Comercialización Agropecuaria (Bolivia)
GOB	- Government of Bolivia
GOE	- Government of Ecuador
GOP	- Government of Peru
HIG	- Housing Investment Guaranty
IEOS	- Instituto Ecuatoriano de Obras Sanitarias
INADE	- Instituto Nacional de Desarrollo (Peru)
INECEL	- Instituto Ecuatoriano de Electrificación
INERHI	- Instituto Ecuatoriano de Recursos Hidraulicos
IQC	- Indefinite Quantity Contract
LAC	- Latin America & Caribbean Bureau of AID/W
MDRO	- Mission Disaster Relief Officer
OFDA	- Office of U.S. Foreign Disaster Assistance of AID/W

OFINAAL - Oficina Nacional de Asistencia Alimentaria (Bolivia)  
OMB - Office of Management & Budget  
PACD - Project Activity Completion Date  
PL 480 - Public Law 480  
PVO - Private Voluntary Organization  
RDS - Rural Development Services  
SAWS - Seventh-day Adventist World Service  
SNC - Servicio Nacional de Caminos (Bolivia)  
SNDC - Servicio Nacional de Desarrollo Comunal (Bolivia)  
TDY - temporary duty  
USAID - United States Agency for International Development -  
refers to the technical assistance mission in each  
country. AID is used generically in a broader sense  
USG - United States Government  
WASH - Water and Sanitation for Health, an AID/W project

## EXECUTIVE SUMMARY

The Disaster

In the first half of 1983, the Pacific weather pattern known as "El Nino" caused heavy and continuous rain to the coastal areas of Ecuador and Peru and brought drought to the highland areas of Peru and Bolivia. Torrential rains dumped as much water on the city of Piura in 6 months as would normally fall in 60 years. One river in Ecuador changed its course and joined another river, thereby exacerbating the flooding in one area and cutting off irrigation possibilities in another agricultural area. The Bolivian and Peruvian highlands, where semi-subsistence agriculture is concentrated and population density is highest, were so damaged by the drought that range lands were exhausted, native herds of llama and alpaca were decimated, and potato and grain production was reduced to almost nothing. Thousands of poor farmers in the highlands tried to survive the drought by digging up and eating their potato seed; many migrated to urban areas, exacerbating problems there.

These disasters were unprecedented in magnitude. Of the total 33 million population of the three-country region, more than half live in disaster-affected zones, and many (11%) lost their home or means of livelihood. The total damage in the three countries is estimated at greater than \$2 billion. In Peru, the gross domestic product (GDP) declined 12 percent in 1983, and per capita incomes dropped to 1955 levels. The economic impact of the disaster has been heightened by the fact that each of the three countries was already facing extremely serious crises. The fragile democratic governments in each country have been severely tested as they tried to cope with the unprecedented disaster.

AID's Response to the Disaster

To respond to the disaster, USAIDs in each country used all the resources available to them, from initial reprogramming of regular food assistance and ongoing development assistance projects, to calling on the resources of OFDA to a variety of emergency PL 480 food programs and new disaster recovery projects. A summary of the assistance provided to date is presented in Table ES-1 below. As an indication of the management work load inherent in the assistance, the Title II food-for-work programs involve hundreds of work sites and food distribution points, and each of the disaster recovery projects has from 7 (Ecuador) to 86 (Peru) sub-projects and hundreds of work sites (well over 1,000 in Peru).

Assessment of the AID Response

The emergency relief provided under the auspices of the Office of Foreign Disaster Relief (OFDA) was praised by all three missions and host country officials in all three countries. USAID personnel expressed appreciation for the work of OFDA in meeting USAID requests for personnel, funds, and information. Suggestions for improving disaster preparedness are presented in Chapter I, Section D.1.

Food assistance met both immediate relief and recovery needs and generally was effective in spite of numerous problems encountered and wide variation in the capability and effectiveness of cooperating organizations. Suggestions for improving future emergency food assistance programs is provided in Chapter I, Section D.2. The most significant food assistance programs were in Bolivia and Peru.

Table ES-1  
 SUMMARY OF ANDEAN DISASTER  
 RECOVERY ASSISTANCE (US\$ Millions)

	<u>Ecuador</u>	<u>Bolivia</u>	<u>Peru</u>	<u>Total</u>
OFDA	0.7	0.2	0.9	1.8
PL 480, Title I	--	--	10.5	10.5
<u>PL 480, Title II</u>				
Monetized	2.2	8.7	7.8	18.7
Donation	--	19.7	18.3	38.0
PL 480, Title III	--	13.8	--	13.8
Disaster Recovery Projects	13.0 <u>1/</u>	27.0	65.0 <u>2/</u>	105.0
Disaster Assistance Program Loan	--	--	60.0	60.0
Housing Investment Guaranty	--	--	12.5 <u>3/</u>	12.5
	<hr/>	<hr/>	<hr/>	<hr/>
	15.9	69.4	175.0	260.3

1/ An additional \$10 million add-on was being negotiated in September 1984.

2/ Of which \$49.8 million had been obligated at the end of August 1984.

3/ Of which \$3.5 million had been drawn down at the end of August 1984.

Bolivia's food assistance program included a special allocation of Title III food for sale for price stabilization in urban areas, a Title II food-for-work program, and a Title II monetization program. The Title III sales achieved price stabilization goals in spite of poor administration by the responsible Bolivian agency. The Title II food-for-work program was instrumental in averting serious malnutrition and keeping many peasant families in their villages. Rice available under the Title II monetization program was sold to villages that had been largely missed by the food-for-work program. This targeted rural sales program was innovative, quickly planned, well executed, and extremely well received. Emergency food assistance was terminated in July 1984.

USAID/Peru received a special Title I sales program and a Title II monetization program which were effective in holding down prices in the urban areas. The Title II food-for-work program was very effective in the drought areas. There are a number of unfinished projects in the Puno area, but the USAID and the cooperating agencies are taking steps (discussed in Chapter IV) to ensure the completion of all emergency projects and a smooth transition to the regular Title II program in March/April 1985.

All three USAIDs have disaster recovery projects, but each has been structured and implemented differently. Bolivia's approach was close to the traditional project approach. Peru, in contrast, provided for a mechanism to support a coordinating Peruvian agency and a project fund for use by Peruvian regional development corporations for projects approved by the coordinating agency. Ecuador's approach was a blend of the other two: the Project Paper specified the sub-projects to be carried out, although all activities could not be determined at the outset, and there was a very effective Ecuadoran coordinating agency which was capable of advancing funds and supplementing AID contributions when necessary.

The Ecuadoran disaster recovery project included two main elements: rehabilitation of the infrastructure damaged in the heavily flooded coastal areas and a loan to import agricultural inputs. In spite of technical problems (trying to get a river back to its original course) and transportation problems (using boat, donkey, and feet to get to project sites), the infrastructure program has moved rapidly and well. All sub-projects are ahead of schedule. The agricultural inputs activity, which has been plagued with a series of problems, was just beginning to be implemented during the Assessment Team's visit.

The Bolivian disaster recovery project has encountered a number of problems, and a number of activities are behind schedule. The most serious problem has been, and continues to be, the ineffectiveness of GOB agencies. Since the early 1980s, Bolivia has been struggling through its most severe economic crisis of the century, and the country's fragile two-year-old democracy has been teetering on the edge of chaos throughout much of the disaster period. The GOB bureaucracy, which is controlled by the nation's unions and political parties, is susceptible to every political whim and dispute. Strikes by government workers are commonplace--one was in effect during the Assessment Team's visit. As a result of the foregoing, the USAID has played a more direct role than normal in the planning and implementation of the disaster project. USAID/Bolivia must also give high priority to an economic reform project, the Chapare coca substitution activity, and the re-activation of its regular program--all without any increase in direct hire personnel and tight restrictions on Operating Expense funds. In spite of the foregoing, which has resulted in slow disbursements to date, there is a good chance that the disaster project may be completed on time--December 1985.

The original disaster recovery project for Peru was signed in July 1983 for only \$4 million; funds have been provided since then on a piecemeal basis -- funds are still to be allotted and obligated by the USAID. The disaster areas in Peru were quite extensive, affecting 17 departments; USAID assistance is going to 15 of them. Because of the magnitude of the planning effort required, and the large number of implementing agencies involved, it has taken time to get organized. At this point, however, the GOB coordinating agency has been strengthened and has contracted technical assistance for the regional development corporations. Momentum in project implementation is now building, and it is anticipated that the AID project will be completed on schedule (July 1986) if the election campaign next year is not too disruptive.

Team proposals for improving future disaster recovery programs are presented in Chapter I, Section D.3. Recommendations re current programs are included in the country chapters. USAID comments on the general recommendations are presented in Chapter I, Section E.

## I. OVERVIEW AND LESSONS LEARNED

### A. THE DISASTER

In the first half of 1983, the Pacific weather pattern known as "El Niño" brought heavy and continuous rain to the coastal areas of Ecuador and Peru and brought drought to the highland areas of Peru and Bolivia. The normally arid zone of north coastal Peru experienced repeated flooding that very heavily damaged the area's basic infrastructure. Torrential rains dumped as much water on the city of Piura in 6 months as would normally fall in 60 years. Even normally humid plains like coastal Ecuador and the Santa Cruz area of Bolivia experienced serious damage from flash flooding as rivers were unable to handle the excessive run-off. One river in Ecuador changed its course and joined another river, thereby exacerbating the flooding in one agricultural area and cutting off irrigation possibilities in another. The highlands, where semi-subsistence, indigenous agriculture is concentrated and population density is highest, were so damaged by the drought that range lands were exhausted, native herds of llama and alpaca were decimated, and potato and grain production was reduced to almost nothing. Thousands of poor farmers in the highlands tried to survive the drought by digging up and eating their potato seed; many migrated to urban areas, exacerbating problems there.

The drought and much of the coastal flooding caused damage that grew slowly, resulting in a particular type of disaster -- 'gradual onset' -- that is often hard to assess or to appreciate. Initially, neither USAIDs nor the host governments were certain an emergency existed except in the flash flood zone of Santa Cruz, Bolivia. By March or April, 1983, however, each of these Andean countries was certain that it faced a severe emergency situation and appealed for international aid. All three countries already faced severe economic crises, in some cases the worst in their recent histories, when the emergency occurred. The three countries have very fragile democratic governments (one newly installed in August 1984), which were severely tested in trying to cope with the unprecedented disaster.

These disasters were not small-scale. Of the total 33 million population of the three-country region, more than half (51%) live in disaster-affected zones, and many (11%) lost their homes or their means of livelihood. AID's Office of Foreign Disaster Assistance (OFDA) estimates the total damage in the three countries at greater than \$2 billion. Specific damage estimates are presented at the start of each country's chapter.

#### B. AID'S RESPONSE TO THE DISASTER

To respond to the disaster, USAIDs in each country used all the resources available to them, from initial reprogramming of regular food assistance and ongoing development assistance projects, to calling on the resources of OFDA to a variety of emergency PL 480 food programs and new disaster recovery projects. A summary of the assistance provided to date is provided in Table I-1 below. As an indication of the management work load inherent in the assistance, the Title II food-for-work programs involve hundreds of work sites and food distribution points and each of the disaster recovery projects has from 7 (Ecuador) to 86 (Peru) sub-projects and hundreds of work sites (well over 1,000 in Peru).

#### C. ASSESSMENT OF AID RESPONSE

The emergency relief provided under the auspices of the Office of Foreign Disaster Relief (OFDA) was praised by all three missions and host country officials in all three countries. Mission personnel expressed appreciation for the work of OFDA in meeting USAID requests for personnel, funds, and information.

Food assistance met both immediate relief and recovery needs and generally was effective in spite of numerous problems encountered and the degree of capability and effectiveness of the various cooperating country organizations. Ecuador had a small program of Title II monetization which had a salutary effect on the price of rice. However, it was ordered late, approved slowly, and arrived late; thus, some of it was not yet sold at the time of the Team's visit.

Table I-1

SUMMARY OF ANDEAN DISASTER  
RECOVERY ASSISTANCE (US\$ Millions)

	<u>Ecuador</u>	<u>Bolivia</u>	<u>Peru</u>	<u>Total</u>
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Disaster Recovery Projects	13.0 <u>1/</u>	27.0	65.0 <u>2/</u>	105.0
Disaster Assistance Program Loan	--	--	60.0	60.0
Housing Investment Guaranty	--	--	12.5 <u>3/</u>	12.5
	<hr/>	<hr/>	<hr/>	<hr/>
	15.9	69.4	175.0	260.3

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1/ An additional \$10 million add-on was being negotiated in September 1984.

2/ Of which \$49.8 million had been obligated at the end of August 1984.

3/ Of which \$3.5 million had been drawn down at the end of August 1984.

Bolivia's food assistance program encompassed a special allocation of Title III food for sale for price stabilization in the urban areas, a Title II food-for-work program, and a Title II monetization program. The Title III sales were not handled well by the responsible Government of Bolivia (GOB) agency, but the goal of price stabilization was achieved. The Title II food-for-work program was instrumental in averting serious malnutrition and keeping many peasant families in their villages. Because of poor coordination by the responsible GOB food agency, there were cases of too much food in some areas and not enough in others. When it became aware of the foregoing, the USAID arranged for rice made available under the Title II monetization program to be sold in the rural areas which had been largely missed by the food-for-work program. The USAID is to be commended for quick action in rectifying the situation. The Title II rural sales program was quickly planned, well executed, and well received. The USAID was able early in the emergency to divert some food from the regular Title II food-for-work program to meet emergency needs. This was especially important because the emergency Title II food-for-work commodities were slow in arriving due to a number of factors beyond the Mission's control -- delays in ordering by voluntary agencies, shipping, port congestion, railroad strike, highway disruption from landslides, etc. The emergency food assistance program was terminated in July 1984 and remaining Title II food-for-work commodities were transferred to the regular Title II program.

In addition to diverting some regular Title II food-for-work commodities to meet emergency needs, USAID/Peru received a special Title I sales program and a Title II monetization program for price stabilization purposes. They were effective, particularly in holding down prices in the urban areas. The Title II food-for-work program was very effective in the drought areas. However, the Assessment Team was concerned about the large number of unfinished projects in the Puno area. The USAID took immediate steps (discussed in Chapter IV) to ensure that the voluntary agencies will be able to complete the projects and make a smooth transition to the regular Title II program in March/April 1985 (the period of the Puno harvest). Title II food was also distributed to special kitchens for feeding children in the northern flood areas and in the urban areas receiving migrants from the drought-struck southern areas.

All three USAIDs received approval for disaster recovery projects, but each was structured and implemented differently. Bolivia's approach was close to the traditional project approach, with specific projects spelled out in some detail in the Project Paper. Peru, at the other end of the spectrum, provided for a mechanism to support administratively and technically a coordinating Peruvian agency and to provide funds (grant and loan) to Peruvian regional development corporations for projects approved by the Peruvian coordinating agency. Ecuador's approach was a blend of the other two: the Project Paper specified the sub-projects to be carried out, although all activities could not be determined, and there was a very effective Ecuadoran coordinating agency which was capable of advancing funds and supplementing AID contributions when necessary.

The Ecuadoran disaster recovery project included two main elements: rehabilitation of the infrastructure damaged in the heavily flooded coastal areas and a loan to import agricultural inputs. In spite of technical problems (trying to get a river back to its original course) and transportation problems (using boat, donkey, and feet to get to project sites), the infrastructure program has moved rapidly and well. All sub-projects in the coastal area should be completed ahead of schedule. The agricultural inputs activity was just beginning to be implemented during the Team's visit. It had been plagued with a series of problems, but all appear to have been resolved. The USAID was negotiating a follow-on loan for disaster recovery; the Team offered some suggestions which should increase the likelihood that it also would be effectively and efficiently implemented.

The Bolivian disaster recovery project has encountered a number of problems, with the result that a number of activities are behind schedule. The most serious problem has been, and continues to be, the ineffectiveness of GOB agencies. Since the early 1980s, Bolivia has been struggling through its most severe economic crisis of the century, and the country's fragile, two-year old democracy has been teetering on the edge of chaos throughout much of the disaster period. GOB ministries have not had the financial resources to pay salaries, travel allowances, or provide their professionals with even basic office supplies. The GOB's bureaucracy, which is controlled by the nation's unions and political parties, is susceptible to every political whim

and dispute. Administration policies and programs are frequently contradicted or simply ignored. Strikes by government workers are commonplace. During the Team's visit, a government strike was settled, but employees refused to return to work because the government had not agreed to pay them for when they were out on strike. In response to this general situation, the USAID has played a more direct and dominant role than normal in the planning, implementation, and decision-making of all its emergency and medium-term disaster recovery activities. USAID/Bolivia also must give very high priority to an economic reform project and the Chapare coca substitution activity. In addition, it has been re-activating a regular program without any increase in direct hire personnel and restricted Operating Expense funds. In spite of the foregoing, which has resulted in slow disbursements to date, there is a good chance that the USAID can complete the project by its scheduled completion date of December 1985.

Although the original disaster recovery project for Peru was signed in July 1983, it was for only \$4 million and funds have been provided on a piecemeal basis with some funds still to be allotted to and obligated by the USAID. The disaster area in Peru was quite extensive with 17 departments being affected; USAID assistance is being channeled to 15 of them. Because of the magnitude of the planning effort needed, and the large number of implementing organizations involved, the program has taken time to get organized. However, the GOP coordinating agency has been strengthened and has contracted technical assistance for the regional development corporations. Momentum in project implementation is now building, and it is anticipated that the AID project will be completed on schedule (by July 1986) unless the election campaign next year is particularly disruptive.

#### D. LESSONS LEARNED AND GENERAL RECOMMENDATIONS

##### 1. Disaster Preparedness

None of the U.S. direct hire staff in Bolivia had previous field experience in dealing with disasters, while both Peru and Ecuador had experienced people. The Team believes that this is reflected in the types of response made by the USAIDs, including how well the USAID was able to anticipate its technical assistance, administrative, and monitoring needs.

RECOMMENDATION NO. 1:           AID/W ensure that USAIDs in disaster prone countries have an experienced Mission Disaster Relief Officer (MDRO) or Alternate MDRO or, as a minimum, ensure that at least one of them has had training in dealing with disaster situations.

The civil defense unit in all three countries is responsible for immediate disaster relief; yet, all three were and are ill-equipped to deal with the disaster. Although a number of Bolivians had received training in dealing with disasters, few (if any) were in positions where their training could be put to use during the emergency. One of the OFDA-funded activities was to get Peruvians from various organizations sharing information which indicated whether a continuation of the Niño phenomenon could be expected. It is probably unrealistic to expect that the civil defense units in the three countries will be ready for the next disaster unless there is some outside assistance. One possibility would be to establish a regional unit similar to that which has been established in the Caribbean and which OFDA is supporting through the Pan-Caribbean Disaster Prevention and Preparedness project.

RECOMMENDATION NO. 2:           OFDA explore with the USAIDs and other donors the possibility of establishing a regional center for disaster preparedness in Lima to coordinate and support training, information gathering and sharing, technical assistance, etc. for the Andean countries.

The disaster plans of the three missions date from 1980 (Peru), 1982 (Ecuador), and 1984 (Bolivia). All three were out of date. One mission director expressed doubt that anyone ever referred to a disaster plan. The Team doubts it also if the plans are not kept up to date, but believes that the plans could and should be used if they were current. However, they are likely to be kept current only if the plan is put on diskette, distributed in

loose leaf form so it can be updated easily, the MDRO or his alternate is charged with updating the plan quarterly, and mission management follows up to see that the plan is kept current.

RECOMMENDATION NO. 3: AID/W instruct missions in disaster-prone countries to put their disaster plans on diskette and provide for their update on a quarterly basis.

RECOMMENDATION NO. 4: AID/W offer to provide TDY assistance to USAIDs to update their plans and to put them on diskette if such assistance is needed, with priority being accorded to those missions which are currently administering disaster relief or recovery activities.

The Team felt that disaster plans could be strengthened by including: (1) a section on emergency food distribution in a disaster; and (2) guidance on the importance and procedures for ensuring adequate publicity for disaster assistance activities.

RECOMMENDATION NO. 5: OFDA encourage USAIDs to include in their disaster plans sections on publicity and on emergency food distribution; OFDA and the Food for Peace Office collaborate in providing guidance for the food distribution section.

## 2. Emergency Food Assistance

Based on its review of the food assistance programs in the three countries, the Assessment Team concluded that AID/W needs to (a) review some of its procedures for handling emergency food requests; and (b) develop and provide additional guidance to the missions which may need to plan, manage, and monitor emergency food assistance.

In both Peru and Bolivia, it was not possible to get additional food to the country in time to prevent a very large exodus of people from rural areas to the larger cities. Subsequently, as additional food became available for food-for-work programs (Bolivia and Peru) and targeted rural sales (Bolivia), the exodus was stopped and, in some cases, reversed. Although the import of food for the urban sales programs (Title I and II in Peru, Title II in Ecuador, and Title III in Bolivia) was effective in stabilizing food prices, deliveries were not optimum in any of the countries--there was still some unsold commodities in two of the countries at the time of the Assessment Team's visit. What were the problems? In retrospect, are there some lessons to be learned from the experience?

One of the serious problems was establishing the level of need. Bolivia got early warning of the drought's onset as a result of an agricultural production survey that was carried out in the first quarter of 1983. Even so, the GOB did not give the problem high priority in the first few months because of its preoccupation with the flash flood in Santa Cruz. Similarly, it appears that response to the flood disaster in the northern coastal provinces of Peru received higher priority initially than the deteriorating conditions in the drought-stricken area of the south. This set of priorities is understandable given the high visibility of the flood disasters--both their magnitude and the fact that larger cities were affected. An additional factor which mitigated against earlier and more aggressive action in the drought areas is the lack of good reporting systems on economic conditions in rural areas. USAID/Peru unsuccessfully urged the GOP to undertake a nutritional survey in the Puno area. USAID/Bolivia is attempting to set up a Disaster Surveillance Data Collection System (DSDCS) to monitor the recovery in the altiplano and highland valleys which it hopes the GOB will take over when it is fully functional. AID/W's Food for Peace office is trying to develop reliable, inexpensive surveillance systems for detecting the onslaught of drought conditions.

RECOMMENDATION NO. 6:                   The Food for Peace office continue its work on the development of reliable, inexpensive surveillance systems, in the process of which it should review the progress of USAID/Bolivia in

the establishment of the DSDCS and the results of the OFDA-sponsored effort with CONCYTEC in Peru (see IV, B, 1).

RECOMMENDATION NO. 7: The Food for Peace Office collaborate with AID's Office of Nutrition and others as appropriate to develop guidelines for drought recovery surveillance systems (including nutritional factors, recapitalization, and other economic and social indicators).

RECOMMENDATION NO, 8: OFDA participate in and support to the extent feasible the above activities, including considering the possibility of making the development of surveillance systems a significant aspect of the work of the proposed regional disaster preparedness center (Recommendation No. 2).

Even after the USAIDs had established the needs and either approved the placement of orders by voluntary agencies or placed the orders directly with AID/W for sales programs and host country Title II programs, there were considerable delays in getting the food to the countries -- (five to six months when three to four is normal). In some cases, there were delays in getting decisions in Washington. Some of the reasons for delays in Washington appear to be differences of view within the Interagency Committee on the utility of Title I monetization programs, the degree of certainty of the proposed food assistance levels, and the relative share of the budget for emergency purposes that should be allotted to specific areas.

The Title II monetization programs have filled three important needs: (1) keep food prices reasonably stable, particularly in urban markets; (2) provide local currency funding that can be used to pay in-country distribution costs of other Title II donations (free distribution or food-for-work); and (3) provide funding for cooperating agencies who need to purchase supplies and equipment to make food-for-work projects effective. While Title I or

Title III could be used to meet the above needs, negotiation of sales agreements will usually slow up initiation of the program; countries in dire economic straits are also reluctant to have to pay the ocean freight on the commodities. The Team found the targeted Title II sales program in Bolivia particularly innovative; where conditions permit, it should be replicated. (See Recommendation BOL-2 directed to the Food for Peace office -- III.- D.2.b.)

The Team appreciates Washington's concern about the reliability of the estimates of need in countries whose data collection systems are rudimentary if they exist at all. It questions, however, whether additional exchanges of cables will increase substantially the reliability of the estimates. The social costs are quite high from delays, and, it does not look well for the USG if it takes longer to get food to a country in response to emergency requests than for regular requests. The Team recognizes that there may have been extenuating circumstances for some of the delays, but feels nevertheless that AID and the other members of the Interagency Committee should review their procedures and explore ways of ensuring maximum responsiveness to emergency food requests.

RECOMMENDATION NO. 9:           AID seek concurrence of the Interagency Committee to procedures which require decisions within two weeks on all emergency requests, even if the decision has to be to approve initially a smaller amount than requested and decide on additional amounts after the receipt of additional information.

The Assessment Team does not find persuasive the argument that delays are justified by the need to undertake detailed budget analyses, taking into account other possible claims, before decisions can be made on an emergency request. The evidence seems overwhelming that emergency food assistance is one item that the Congress will approve in short order if the case is made. Recently, certainly, we have seen Congress urging the administration to be more responsive to food needs abroad.

In Bolivia, there was considerable delay in getting a voluntary agency to call food forward. There also was some uncertainty about the capabilities of some of the cooperating agencies to handle the size programs needed. It would be helpful if a system could be designed whereby food in an emergency could be quickly dispatched to the USAID, leaving it up to the USAID to allocate the food by agency (voluntary or governmental) as it arrives in-country. Alternatively, the food could be consigned to a governmental coordination agency if an efficient one existed--which it did not in Bolivia.

In both Bolivia and Peru, the USAIDs had to contract additional personnel to administer and monitor the Title II donation programs, and the Team has recommended to USAID/Peru that it contract an additional person for the next few months. In an emergency situation, the government coordinating agency is likely to become involved in trying to ensure the distribution of food arriving from a variety of sources, and it may be unable to play the coordinating role which becomes even more important during an emergency. Furthermore, the cooperating agencies will be either short-handed or using recently contracted inexperienced personnel as they try to carry out expanded programs. As a major food donor, it becomes imperative that USAID increase its coordinating role. Given the likely limited ability of local cooperating agencies to respond to the expanded needs, there will be a need for increased technical assistance and a higher level of monitoring, and USAID needs to be in a position to meet these additional requirements to assure appropriate targeting and prevent diversions of assistance.

RECOMMENDATION NO. 10:           The guidelines on handling emergency food distribution programs should urge immediate recruitment by USAIDs of additional personnel to help administer and monitor the emergency food assistance programs and not overload the regular members of their staff. The system followed in Bolivia might provide a useful guide.

In both Bolivia and Peru, five commodities were included in the Title II emergency donation program. The cooperating agencies generally waited until they had quantities of all five commodities before carrying out distributions.

Because the commodities did not all arrive together, this resulted in delays in making distributions. This exacerbated an already severe situation which saw large numbers of rural families migrating to larger towns.

RECOMMENDATION NO. 11: For emergency food programs, the number of commodities should be limited to no more than three or four which have high acceptability among beneficiaries, and agencies should be encouraged to move the food expeditiously even if one or two commodities have not yet arrived.

The Assessment Team recommended to USAID/Bolivia that it sponsor a workshop with cooperating agencies to review the experience of the emergency food assistance phase of the response to the El Niño disaster. We note that the Food for Peace office is in the process of determining lessons learned from experiences in Africa. The Team suggests that there are lessons to be learned from the Andean experiences as well.

RECOMMENDATION NO. 12: The Food for Peace office: (a) arrange for a participant at the Bolivia workshop and at a similar conference that USAID/Peru should be encouraged to sponsor next year after the emergency distribution is discontinued (approximately March/April 1985); and (b) facilitate the publication and dissemination of a short report giving the principal lessons learned from the two experiences.

### 3. Organizing and Managing a Disaster Recovery Project

During the relief phase of the disaster a great deal of flexibility in contracting and commodity procurement was available that was not carried over to the recovery period. Yet, there was still an emergency situation in all three countries during the so-called recovery period and a high level of flexibility was still needed. Additional direct hire personnel were needed to plan and manage the AID-funded activities, but generally none were provided.

In fact, AID/W was not in a position to be very helpful in the recruiting of people to be hired by the USAIDs under personal service contracts. Because of AID contracting regulations and time constraints, the missions felt that they did not have the option of using institutional contracts to meet their technical assistance and monitoring needs. The result was a substantial increase in the workload of the Executive Office and the Controller's Office in all missions, the Procurement Office in USAID/Bolivia, and the Engineering Office in USAID/Peru, necessitating the contracting of additional personnel for those offices. Generally, the agency was not in a position to provide the additional Operating Expense funds needed. This resulted in the adoption of internal controls in USAID/Bolivia to ensure that the mission stayed within its Operating Expense allocation, and the controls hampered implementation.

RECOMMENDATION NO. 13: AID/W set up a special ordering type arrangement for providing personnel on short notice who have had experience in planning, administration, and/or monitoring of emergency food distribution and emergency reconstruction activities; the terms of the arrangement should provide for indefinite delivery of services, i.e., personnel could be provided on short and medium-term assignment e.g. to prepare plans and bid documents and also supervise construction of the activity designed.

RECOMMENDATION NO. 14: OFDA be authorized to advance disaster funds a mission to permit it to contract (through the arrangement proposed in Recommendation No. 13 for the design of its recovery project, with the funds being returned to OFDA after approval of USAID's recovery project.

RECOMMENDATION NO. 15: AID make available to the mission a special allotment of Operating Expense funds to cover extra costs incurred in the Executive and Controller's offices in supporting the mission's

response to the emergency. (Given the chronic shortage of Operating Expense funds, AID might wish to seek a special authorization and allotment for this purpose (perhaps as a part of the International Disaster Assistance account) which could not be used for any other purpose.)

All three missions incurred delays in implementing their programs because of the need to obtain waivers of various types. In most cases, they were approved by AID/W--quite promptly in some cases. However, the additional paperwork, even when the waiver can be approved in the mission, takes valuable time from more important matters. Processing waivers becomes especially onerous when there is no direct hire project manager and personnel contracted for their technical expertise have to prepare documentation very specific to AID. Source and origin and 50-50 shipping requirements were problems encountered in the Andean disaster response.

The requirements levied by AID/W as a pre-requisite to approving the importation of agricultural chemicals contributed to delays in implementing the agricultural inputs activity in Ecuador and Bolivia. Recognizing in advance the inevitability of such delays, USAID/Peru decided not to request an agricultural inputs activity, even though it was needed. Because of the difficulty and delays inherent in complying with contracting restrictions, USAID/Peru also decided not to attempt a large procurement of vehicles for the development corporations. The GOP will purchase over 50 vehicles from non-dollar funds, opening the possibility that the rigidity of U.S. procurement rules, designed in part to promote U.S. procurement, may result in non-U.S. procurement.

RECOMMENDATION NO. 16: At the time that a disaster recovery project is approved by AID/W, even though authorization will be in the field, AID/W should provide a blanket waiver of all contracting and procurement requirements that can be waived, with such waiver being valid for a period of one year. (This time period should allow for the project's

most important contracts and procurements to be completed with minimum delay.)

Disaster recovery project administration was hampered in all three missions at various stages because there was not a direct hire manager for the project. The missions' responses were to set up a project oversight committee chaired by the Deputy Director (Bolivia); to contract an entire division to manage the project (Peru); and to request the transfer of a direct hire officer who did not arrive for five months (Ecuador). The most effective would be to have an AID direct hire project manager with disaster experience as close to the outset as possible. In some cases, the most expeditious would be to assign a direct hire officer already at post to a new position of disaster recovery project manager. The contract personnel used in the missions have performed excellently in most cases. However, there are many functions reserved to direct hire officers, and AID/W has been unwilling or unable to provide additional direct hire positions.

RECOMMENDATION NO. 17: At the time a disaster recovery project is approved, a direct hire project manager position be established in the mission for at least one year and preferably for the duration of the project, especially if the project is complex. (Perhaps AID could get a small number of additional positions from OMB reserved solely for this purpose.)

In a number of cases, the replies from AID/W seemed unresponsive to requests from the missions for special help or consideration related to dealing with the emergency situation. In addition, routine requests of various types continue to be received in the USAIDs. When the situation is changed from immediate relief to recovery, it appears to be assumed by many AID/W offices that the situation has returned to normal. Such is not the case!

RECOMMENDATION NO. 18: At the time a disaster recovery project is approved by AID/W, an AID/W Disaster Recovery Backstop Officer should be designated to ensure that the mission(s) receive appropriate and timely responses to their requests. An AID Notice should be prepared advising of the designation, stating that messages related to the disaster should be cleared with the Backstop Officer and should generally exempt the mission from routine requests for information.

The following "lessons learned" were suggested in one or more of the USAIDs based on the experience of dealing with the recent disaster:

- a) Have vehicles and other important project equipment consigned to the USAID Mission so that their clearance through customs can be expedited;
- b) Provide as a Condition Precedent or Covenant in the Project Agreement that the counterpart agencies will use whatever emergency contracting and procurement procedures are permitted by the host government (some agencies were reluctant to use approved emergency procedures);
- c) Do not attempt to use excess property for an emergency project-- there are often delays, and an emergency situation is not the time for this type of procurement.

#### E. USAID COMMENTS ON DRAFT REPORT

USAID comments on specific country issues generally have been reflected or reproduced in the country chapters. The USAIDs also provided some comments on the general recommendations in Chapter I. Those comments have been edited to reflect the changes in the number assigned to specific recommendations in the final report and are reproduced below.

USAID/Ecuador in Quito 10257 of November 6, 1984:

"Recommendations 3 and 4 and 13 through 18 are strongly supported by the mission. Recommendations 15 and 17 would be especially helpful since the provision of money to the host country without the funding of expenses incurred by the mission and personnel for disaster recovery make project implementation difficult. In the case of Ecuador, even though the direct hire project manager was requested in a timely manner, AID/W insisted that all normal channels and procedures be followed for transfer of disaster project officer from another post. Mission disaster plans need to be updated and use of OFDA/Costa Rica funded disaster relief officer for technical assistance is under consideration."

USAID/Bolivia in La Paz 7834 of November 9, 1984:

"The Team recommended a blanket waiver for all contracting and procurement requirements. This would be helpful to the USAIDs during a disaster situation, but the mission suspects that such a waiver is not possible because AID/W cannot escape the provisions of the Foreign Assistance Act and the Federal Procurement Regulations. Instead, the mission should identify which waivers they require before projects are authorized and request special considerations be given to their requests during project reviews due to the existence of a disaster situation."

USAID/Peru in Lima 12735 of October 30, 1984:

"While the mission concurs with all 14 formal recommendations presented in the first chapter, we feel that recommendations 13 through 17 are crucial to the achievement of significant improvements in AID's disaster response capability. The Evaluation Team's recommendations 15 and 17 are strongly endorsed and deserve special mention. The availability of a temporary work year ceiling, and assurance of additional Operating Expense funds while the

mission is engaged in both the initial disaster relief effort and the period of implementation of rehabilitation/reconstruction programs, would pay major dividends. In the case of USAID/Peru, the staff trade-offs necessary to respond to the disaster were particularly difficult. The mission was not significantly engaged in project development efforts which could simply be set aside, the major mission priority being implementation. Some reprogramming of the ongoing portfolio was done, but the mission's conclusion was that accelerating the USAID portfolio was itself an important disaster response. For example, agricultural research and extensions were important to overcome the effects of drought and increase production in other areas of the country. Primary health care was a crucial disaster response. Urban enterprise credits were a key to restarting flooded entrepreneurs in the north. Housing program resources were reprogrammed to the north. And, of course, the regular Title II Funding Program was the most immediate source of much of our initial disaster efforts. Therefore, at the time we were preparing disaster reconstruction program documentation and organizing our reconstruction response, we had to divert mission human resources from ongoing projects which also were contributing to overall disaster relief.

Any USAID Mission can significantly increase its output over the short term through voluntary overtime. However, the costs of keeping that pace up through an extended period are quite severe. The proposal to allow USAID to recruit for an additional position as reconstruction coordinator or to fill in for a project manager who might be designated as the reconstruction coordinator has much merit.

Similarly, disaster relief and reconstruction programs inevitably increase the load on mission support offices. The Executive Office, Controller's Office, and engineering staff all must provide critical support. Without some Operating Expense increases it is possible for the workload of a major disaster program to overwhelm these support functions. AID should be prepared to plan for and fund

necessary expansions of these offices, followed by reduction w/ the disaster workload peak has passed. We believe the Evaluation Team's recommendations recognize and respond to these needs."

## II. ECUADOR

### A. NATURE OF THE DISASTER

The normal rainy season on the coast is from January to May with an average precipitation of 779.6 mm. From November 1982 to June 1983 total rainfall was 3,962 mm. The resulting flooding affected the provinces of Guayas, Los Ríos, El Oro, Manabi, Esmeraldas, Cañar, Azuay, Loja and Pichincha. During this eight-month period there were 307 persons killed, four million affected in some way, with 700,000 seriously affected (loss of home or livelihood).

Agricultural losses including livestock totaled US\$111.5 million. Crop losses (bananas, rice, sugar cane, corn, cacao, coffee, and soybeans) were estimated at 1.35 million metric tons. Five hundred head of cattle were lost and 32,500 hectares of pasture flooded. Damage to infrastructure, which included housing, utilities, transportation, and irrigation systems, totaled \$60 million. Industrial losses in the commercial fisheries and petroleum production sector amounted to \$60.6 million. Total economic losses due to flooding and flood-induced landslides were estimated at \$232.1 million as of June 30, 1983.

Massive social disruption was caused by the involuntary unemployment of thousands of individuals who depend on agriculture and related activities for their livelihood. Contamination of community water systems and damage to sewer systems aggravated health problems.

### B. AID'S RESPONSE

#### 1. Immediate Relief (OFDA)

OFDA assistance to Ecuador totaled \$671,803. Some of the principal elements of that assistance are discussed below.

As the extent of the flooding became known, the Government of Ecuador (GOE) requested USG assistance in providing potable water to the city of

Babahoyo, a community of 40,000 which had been without safe drinking water for three weeks. This request was transmitted to the Office of U.S. Foreign Disaster Assistance (OFDA) in Washington, and within 24 hours, four water purification units, 20 inflatable water tanks, eight 100 lb. drums of HTH brand dry chlorinator concentrate, and 2,000 wool blankets had arrived in Guayaquil by charter aircraft. Four technicians from the AID Water and Sanitation for Health (WASH) project accompanied the water purification units.

A series of aerial surveys were conducted to pinpoint the areas most in need of assistance. In addition to confirming the extent of the rural flooding, the aerial surveys identified a severe disaster situation in the Guasmo, a large squatter settlement on the outskirts of Guayaquil. Water up to one meter deep had covered the area, flooding residents' wood and bamboo houses; elevated dirt roads, acting as dams, blocked any flow of water out of the area. Health risks to the population increased and all transportation, except by canoe, had come to a standstill.

The U.S. disaster team in cooperation with the GOE Ministry of Social Welfare, Civil Defense of the Ministry of Defense, and their Army Engineers determined that a solution to the problem could be achieved by the construction of drainage canals. The project design provided for 10 km of principal drainage canals to be dug by the Ecuadorean Corps of Engineers. Funding for the project was shared by the USG and the GOE. In addition, a U.S. voluntary agency in the Guasmo, Plan de Padrinos (Foster Parents Plan), contributed some of the concrete pipes and tools.

As the rains continued into the spring, the danger of landslides increased. In April the A.I.D. Mission arranged for a landslide expert from the United States to inspect vulnerable areas around Guayaquil and present a briefing on the subject to the local Society of Engineers. Landslide areas in Chimborazo Province and the capital city of Quito (particularly Pichincha volcano) were also inspected and recommendations made to the GOE on ways to reduce the landslide threat to populated areas.

## 2. Emergency Food Assistance

AID approved the shipment of 5,000 metric tons of P.L. 480 Title II rice for Ecuador, of which 4,500 tons were to be sold through commercial channels and 500 to be turned over to the Ministry of Health for conversion to a milk-soy-rice blend which was then distributed free to 13,000 mothers and children at health centers.

## 3. Emergency Rehabilitation Project

On September 27, 1983, AID and the Government of Ecuador signed an agreement (518-0046) under the terms of which AID would provide a grant of US\$6 million for rehabilitation projects, a loan of US\$6 million for the importation of agricultural inputs, and a grant of US\$1 million for technical assistance and AID administrative expense. The components of the Emergency Rehabilitation Project are as follows:

a. Agricultural infrastructure (\$2 million) -- the restoration of irrigation works, repair of river dikes and other control systems, and re-channeling of certain streams. This will directly benefit 300,000 inhabitants who farmed the lowlands of Los Ríos, Guayas, Cañar, Loja and El Oro Provinces, cultivating rice, bananas, cacao, corn, sugar cane, and soybeans. Indirectly 2,000,000 persons will be benefited by these hydraulic works.

b. Repairs and improvements on water and sanitation systems (\$900,000) -- restoration of potable water, including the drilling of wells, and sewer facilities and/or protect such facilities from future flooding in the provinces of Manabí, Los Ríos, Guayas and El Oro. Forty cities and towns with almost one million inhabitants will benefit.

c. School repair or construction (\$1.5 million) -- 52 schools have been reconstructed and 519 are being repaired which will benefit 85,500 pupils in the coastal areas and Loja Province. Many communities contribute labor.

d. Repair of electrical systems (\$900,000) -- restoration of electricity to affected coastal areas. This involves the repair of transmission tower foundations along 40 kilometers of line, repair and modification of several sub-stations, and the rehabilitation of small generators and distribution systems. It is estimated that 500,000 users will benefit directly.

e. Housing reconstruction (\$220,000) -- relocation or rebuilding of 2,750 houses which will benefit 13,750 people.

f. Pichincha slope protection (\$480,000) -- emergency drainage and stabilization works which will be carried out on the mountain above the western side of Quito, as well as pre-feasibility studies of drainage improvement and environmental protection. This will indirectly benefit 900,000 persons.

At the time of the Team's visit, USAID was negotiating a \$10 million Amendment to the Emergency Rehabilitation Project to fund additional activities under a, b, and e above and rehabilitation work in the Guasmo.

## C. IMPLEMENTATION PROGRESS

### 1. Emergency Food Assistance

The transfer agreement for the 5,000 metric tons of rice was signed on February 29, 1984. The first shipment of 2,181 tons arrived in Guayaquil on April 29, 1984, the second shipment on May 6, 1984. Five hundred tons were turned over to the Ministry of Health. The sale of the 4,500 tons was entrusted to EMPROVIT, a GOE basic food distribution company. Because the arrival of the second shipment coincided with the local rice harvest, EMPROVIT has not been able to sell all of the rice.

The funds generated by the program were to be used by EMPROVIT to improve its efficiency. Detailed plans for the use of the proceeds were to have been provided to the USAID within 30 days of the signing of the agreement (i.e., March 29, 1984), but this had not been done. EMPROVIT also has not submitted the required monthly reports on deposits of local currency generated by these

sales. The USAID made a number of oral requests for action by EMPROVIT, and followed this with a written request in July 1984.

## 2. Emergency Rehabilitation Project

The Project Agreement was signed in September 1983. The overall coordinating agency for the project on behalf of the GOE is the Banco Ecuatoriano de Desarrollo (BEDE). BEDE in turn signed agreements in October and November 1983 with the six implementing agencies: the Housing Bank (BEV), the Directorate for School Construction in the Ministry of Education (DINACE), the Institute for Sanitary Works (IEOS), the Electrification Institute (INECEL), the Hydraulic Resources Institute (INERHI) of the Ministry of Agriculture, and the Water and Sewer Company (EMA) of the city of Quito.

BEDE advanced funds received from USAID to the implementing agencies. When necessary, BEDE also advanced or loaned to the agencies some of its own funds. BEDE established a Project Committee for each subproject and holds monthly meetings to review implementation progress and deal with any problems that may arise. More frequent meetings have occasionally been necessary.

As of the middle of August 1984, the status of the different subprojects was as follows:

- a) Housing -- 100 percent completed.
- b) School construction and repair -- between 85 and 90 percent completed, with completion expected in October 1984.
- c) Water and sewer rehabilitation and replacement -- 60 percent completed, with completion anticipated in October 1984.
- d) Electric power rehabilitation -- about 50 percent completed, with physical construction to be completed by October 1984. However, some equipment has been ordered from the U.S. and it probably will not be installed before January 1985.

- e) Repair of dikes and irrigation canals, stream realignment, etc. -- about 95 percent completed, with termination expected in September 1984.
- f) Pichincha slope study and small environmental protection activities in the Quito canyons (quebradas) -- about 10 percent completed. The contract for a 10-week study was expected to be signed in September 1984. A decision on which of the smaller works will be undertaken will be made based on the recommendations in the study. It seems unlikely that any works will be undertaken before early 1985.

D. ASSESSMENT TEAM COMMENTS AND RECOMMENDATIONS

1. General Comment

The USAID was able to prepare and authorize the disaster project in less than a month. It quickly recruited technical assistance/monitoring personnel for the infrastructure reconstruction component, and provided them with the wherewithal to carry out their work. Despite the delay in effecting the transfer to Quito of the direct hire project manager (September 1983 to March 1984), project implementation began quickly. Five out of six project components are ahead of schedule. This reflects primarily a tremendous effort by the Ecuadoran implementing agencies under extremely adverse working conditions. There have been difficult technical problems (getting a river back into its original course) and transportation problems (using boats, donkeys and feet to get to work sites). The coordination role by BEDE and the support role by USAID have been crucial to the achievements of the implementing agencies.

The commodity import loan (ag inputs) has experienced a series of delays, but all inputs should be in country before the planned project completion date. The Title II imports arrived too late for optimum impact.

The very effective OFDA-assisted emergency relief effort is highly regarded.

## 2. Appropriateness of the AID Response

The activities chosen in the coastal area were particularly appropriate.

It is unfortunate that, because of U.S. Embassy objections, the provision of malaria suppressives and some assistance in malaria control were not included in the original project -- \$500,000 was recently provided by reprogramming funds from the Agricultural Inputs loan. Some assistance in rehabilitating feeder roads would have been beneficial, but this also was not approved by the U.S. Embassy, apparently because World Bank assistance was expected. Doing something about the Pichincha slope is important, although it is more disaster prevention than rehabilitation; this may explain the low priority given the activity by some of the officials in the Municipality of Quito. The agricultural inputs loan was very appropriate, but delayed implementation has reduced its impact; nevertheless, the inputs are still needed. Unfortunately, the problems that have plagued the activity developed in series, so it was never evident that a protracted delay could be expected.

The Title II monetization program was appropriate, but its effectiveness was considerably reduced by the lateness of the request (November 1983) and the delays in getting it approved (January 1984); the result was late arrival of the rice, putting it in competition with the new harvest. A food-for-work program also could have been helpful, but the USAID states that it was unable to find a voluntary agency prepared to undertake such a program.

## 3. Implementation and Monitoring

In spite of occasional problems and extremely difficult working conditions on some of the subprojects, excellent progress has been achieved in the implementation of all of the subprojects of the Emergency Rehabilitation Project, other than the Pichincha Slope. Although the USAID direct hire project manager was delayed in arriving in Ecuador until March 1984 and was physically located in Quito, USAID had hired a coordinator and four engineers, with support staff, to work out of Guayaquil to monitor project implementation and to provide technical support to the implementing agencies. This proved

quite effective. Although there were some complaints that the Guayaquil office had been oversupplied with office equipment, the Assessment Team felt that the costs were minor in relation to the savings obtained from having the engineers able to begin work immediately upon arrival.

The USAID contract engineers in Guayaquil have done an excellent job of monitoring despite rather difficult travel conditions, particularly during the first part of the year. The engineers' role was particularly crucial because BEDE did not get its Guayaquil office opened until late August 1984. At least one of the engineers got directly involved in implementation; while the results generally were positive, it will be especially important in the follow-on project that the engineers not exceed their authority.

BEDE has been effective in managing the flow of funds and in coordinating the activities of the implementing agencies. It has been especially supportive of the USAID contract engineers in Guayaquil in the monthly meetings of the project committees.

The agricultural inputs loan has been plagued with a series of problems, including environmental considerations related to ag chemicals, shipping regulations, and financial and importing procedures. It appears that all of the problems have been resolved and importation should proceed now. USAID should ensure that procedures are worked out for the timely transfer of sales proceeds to the National Development Bank (BNF), that the BNF's plans for lending the funds meet with USAID approval, and that USAID has a plan for monitoring the use of the inputs and sales proceeds.

The Team was surprised that it had taken so many months to obtain AID/W approval of the Title II monetization grant. The food arrived late and became embroiled in a nasty situation involving a rice shipment from another country. The EMPROVIT mismanagement causes concern, particularly since it has not provided any reports on deposits of sales proceeds.

RECOMMENDATION ECUA-1: That USAID arrange for a financial review of the sales proceeds account of EMPROVIT.

(NOTE: USAID advised in Quito 5148 of November 6, 1984 that data had been collected and a financial review was programmed for November 1984.)

The USAID has had a number of staff vacancies for some time and, at the same time, has substantially increased its portfolio. The USAID should not be expected to keep on top of all of its various activities without additional staff resources. Given inadequate personnel resources, it becomes all the more important that the mission strengthen its system for internal management reviews of project and activity implementation.

#### 4. Evaluation

The USAID carried out a limited survey of people who had participated in the housing subproject which provided some evaluative data. It is not clear, however, whether the sample was sufficiently large to permit drawing general conclusions. It does, at least, suggest the need for discussion with the Housing Bank (BEV) of some of the issues raised. It may also justify including some conditions precedent or covenants in the forthcoming Amendment No. 1 because additional housing activity appears to be intended.

The USAID has accumulated some impact data on the project activities. It is suggested that this effort be continued with a view to evaluating the impact of the Emergency Rehabilitation Project early in 1985.

The Title II monetized rice was approved to help stabilize the price of rice until the next harvest. It would be useful to review the trend of rice prices from somewhat before the purchase of the rice in the U.S. was announced until some time after the in-country sales took place. Such a review, coupled with an analysis of any other relevant activities, could permit some conclusions to be drawn about the utility of the activity. It might also suggest some "lessons learned."

#### 5. Amendment No. 1

The Team reviewed the latest draft of the proposed Amendment No. 1 to the Emergency Rehabilitation Project. Since most of the activities from

the original agreement were almost finished, it seemed appropriate to draw lessons from the previous experience to provide guidance for the follow-on activities.

The Team was concerned to find that housing was included in two of the proposed subprojects while at the same time the mission was obtaining a rather large amount of Housing Investment Guaranty funds. While there might be some justification for mixing the funds to lower the interest rate that would have to be charged to borrowers, this is not discussed in the draft agreement. It would appear likely, therefore, that there could be competition between the two programs in the same geographic areas, e.g., in the Guasmo area of Guayaquil.

(NOTE: The USAID stated in Quito 5148 of November 6, 1984 that there will be no competition between the two programs and that housing, if financed at all under the new loan, will be a small share of the program.)

There does not appear to be agreement on the composition of the Guasmo rehabilitation activity nor how it will be carried out. USAID is trying to limit its participation to activities with which it feels most comfortable. This is commendable, but it is also important to ensure that the total rehabilitation plan and the plan of implementation are also acceptable to the GOE and the residents of the Guasmo. Assuming that rehabilitation of the Guasmo will be one of the components of the follow-on rehabilitation project, the Team suggested certain actions to the USAID which it felt would improve the chances of a reasonably successful project within the proposed time frame of the new project:

- a) USAID should encourage the formation of an overall coordinating committee for the Guasmo rehabilitation activity with representation from the Municipality of Guayaquil and the residents of the Guasmo, as well as any organizations and government agencies that are either carrying out activities in the Guasmo or will be responsible for the maintenance of any infrastructure created under the activity;

- b) USAID should urge the creation of a planning unit under the general guidance of the coordinating committee;
- c) USAID should urge the creation of a single implementing agency for overall supervision of all rehabilitation activity in the Guasmo;
- d) USAID should ensure that there are no land tenancy problems that can cause subsequent delays in implementing the activity;
- e) There must be a component in the Guasmo rehabilitation for the disposal of garbage or there is no point in trying to improve the drainage system;
- f) Before any infrastructure activities are initiated, there should be agreements established with local community organizations or city offices providing for the maintenance of the facilities being constructed;
- g) There are implementation options that need to be considered, e.g., taking one section of the Guasmo and making it a show case, doing a high level of upgrading on a few items (e.g., streets) throughout the Guasmo, or providing moderate improvement of the most important facilities throughout the Guasmo. Political leaders are likely to want to go with the second option. USAID should strive to obtain maximum participation and hopefully consensus by Guasmo community leaders in the consideration of these options; and
- h) USAID is wisely insisting that BEDE should be the overall coordinator for the new project in the same way that it has been for the first project. The Team recommends close coordination with BEDE during the planning and implementation phases of the project.

(NOTE: The USAID expressed agreement specifically to a), c), d) and h) in Quito 5148 of November 6, 1984.)

The Team is concerned that the budget for the follow-on project provides very little funding for technical assistance and USAID operating costs directly related to the implementation of the Emergency Rehabilitation Project, e.g., the functioning of the Guayaquil office. While there will be some savings out of the current project if the Team's recommendations below are accepted promptly, the Team doubts that they will be sufficient.

RECOMMENDATION ECUA-2: Early in the new fiscal year, after the scope and modes of implementation of the follow-on project are settled, the USAID should prepare a budget for technical assistance and for the operation of the Guayaquil office to be presented to AID/W with a request for additional grant funding.

(NOTE: Per Quito 5148 of November 6, 1984, the USAID has prepared the budget as recommended and is requesting supplemental funding from AID/W.)

#### 6. The Guayaquil Office

The Guayaquil office has been important in the implementation and monitoring of the first project. It will be even more important in the implementation of the follow-on project given the content of the proposed project (e.g., the inclusion of the Guasmo) and the existence of BEDE's newly-established office in Guayaquil to coordinate activities in that area. The Team believes that the Project Manager should be transferred to Guayaquil to head up the branch office there as soon as the new project is approved and the focus of action shifts to project implementation. Personnel nominally assigned to her office in Quito should be re-assigned. The contract of the Coordinator heading up the Guayaquil office should be terminated with appropriate notice, unless the USAID has need for his services elsewhere. The Team is not fully convinced that there ever was a need for a high-priced coordinator in Guayaquil, but it is clear that the required activities cannot be carried out under present circumstances. Furthermore, the Team believes, based on a review of the new project and the experience in the other missions who have contract disaster project coordinators, that the USAID should have a direct hire project manager in Guayaquil for the new project.

RECOMMENDATION ECUA-3: That USAID transfer the Project Manager for the Disaster Recovery Project to Guayaquil to replace the Coordinator of the Guayaquil office.

(NOTE: The USAID responded to the above recommendation as follows (Quito 5148 of November 10, 1984): The transfer of the direct hire Project Manager for the Disaster Recovery project to Guayaquil is not feasible. The Mission feels that the Manager's presence in Quito to maintain relations with GOE agencies at the national level is essential. The Guayaquil coordination will be effected by one of the U.S. engineers presently under contract. The Administrative Secretary, who has some ten years experience, will serve as an Office Administrator.)

If it is not feasible to transfer the Project Manager to Guayaquil, the Assessment Team suggests that more frequent and/or longer trips to Guayaquil by the Project Manager be planned for the follow-on project than were needed for the original project. It would be preferable that the Engineer Coordinator in Guayaquil have had AID direct hire or PASA experience. Lacking that, or as a complement to his/her experience, AID-specific training could be provided, e.g., the Project Implementation Course and the Contracting Course for the non-specialist.

Close coordination with BEDE is going to be extremely important during the implementation of the follow-on project.

RECOMMENDATION ECUA-4: That USAID move its Guayaquil office into the suite of offices offered to it by BEDE.

(NOTE: The USAID response to the above recommendation was as follows (Quito 5148 of November 10, 1984): There are three USAID units operating in Quayaquil which will be consolidated into one office. The BEDE office space is not large enough to accommodate all three activities.)

Given the importance of close collaboration with BEDE on the follow-on project, USAID may wish to keep a desk (and possibly a small office) in BEDE to facilitate communications.

### III. BOLIVIA

#### A. NATURE OF THE DISASTERS

The El Niño weather pattern of 1983 hit Bolivia with three associated but quite distinct natural disasters: heavy rain and flash flooding in the Santa Cruz area; a drought on the altiplano (highlands); and a smaller flooding problem on the altiplano when the rains finally returned in February-March 1984. Of these disasters, the flash flood in Santa Cruz was the most dramatic and attracted the most international attention, but the drought on the altiplano directly affected one hundred times as many people and caused seven times as much economic loss. The 1984 mini-floods on the altiplano severely affected some small towns and completely destroyed some villages' crops, but they were much smaller in scale and within the bounds of what might be considered "normal disasters" in Bolivia. These natural disasters took place in the middle of one of the worst economic depressions in Bolivia's history, greatly exacerbating the already almost insurmountable economic and political problems facing the country's new democratic government.

##### 1. The Santa Cruz Flood

After months of heavy rains, the Pirai River on March 19th broke through some old and deteriorated riverworks, instantly devastating part of the city of Santa Cruz, tearing away many of the nearby roads and bridges, and damaging surrounding crop lands. Losses were estimated at about \$80 million, including damage to eight important bridges, 685 kilometers of roads, 86,000 hectares of the country's prime agricultural land, and the homes of 16,000 Santa Cruz residents. More than 100 people died in the flood.

##### 2. The Altiplano Drought

Except for a few sprinkles in late 1982, the altiplano area and the neighboring highland valleys of Bolivia received no rain at all during the 1982-83 rainy season, which would normally have extended from late November until March or April. This devastating drought occurred in a semi-arid area already suffering from almost a decade of below normal rainfall, an area where

the poorest of Bolivia's semi-subsistence farmers, Aymara and Quechua speaking campesinos, are heavily concentrated. Drought losses were estimated at \$580 million, affecting 1.6 million campesinos, over one quarter of the nation's population.

The drought destroyed much of the altiplano's range lands and eliminated traditional water supplies, reducing herds of llamas, alpacas, cattle, and sheep by 50 percent or more and livestock births by 70 percent. There was a general decapitalization of altiplano farmers as their seed supplies, food reserves, livestock, and cash were depleted at alarming rates as a result of drought-related losses and the need to purchase scarce and expensive food supplies. The loss of livestock and crops encouraged the migration of rural dwellers (up to 35 percent of the population in some areas) to Bolivia's cities or to tropical areas, such as the coca-producing Chapare, in search of employment.

Agricultural production from the 1983 harvest was at least sixty percent below normal. Data from the USAID-sponsored "1983 Crop Production Estimate Study" identified disaster-related deficits in food (principally potatoes, corn and rice) exceeding 1,000,000 metric tons, of which 575,000 metric tons were in potatoes, the basic staple for low-income and subsistence farmer groups in the altiplano. As noted above, supplies of staples were scarce and expensive, and often unavailable in some of the remote drought-affected areas of the country. The importation of food to make up partially for production deficits diverted scarce foreign exchange from other uses critical to the nation's general economic recovery efforts.

### 3. The Altiplano Mini-Floods

The drought pattern continued until late February 1984 when heavy rains began what amounted to a deluge, especially in northern Potosí and southern La Paz departments, an area occupied by some of the poorest peasants in Bolivia. Although the long range effect of such heavy rainfall has been positive, reviving natural range lands and replenishing the water table, its sudden onslaught caused heavy damage locally from erosion and minor flooding as the hardened, plantless earth failed to absorb water which under more

normal conditions might not have been so excessive. Because of the scattered nature of this damage, no overall damage estimates have been prepared, but flooding damaged the adobe foundations of some small-town homes, and run-off water heavily damaged or completely destroyed hillside crops, eliminating yet another year's food supply in some of the poorest villages whose cultivable land is disproportionately steep.

## B. AID'S RESPONSE

The AID response was multi-faceted:

- (1) Emergency relief valued at \$242,000 coordinated and funded by AID's Office of Foreign Disaster Assistance;
- (2) Use of 1,280 tons of in-country Title II, PL 480 food stocks for immediate emergency distribution to flood and drought victims;
- (3) Distribution of 28,820 metric tons of food under the PL 480 Title II emergency program, sales in urban areas of rice and wheat through an emergency Title III program, and a special Title II shipment of 15,000 tons of rice for sale in rural areas. The total value of the emergency food program was \$37.7 million;
- (4) Disaster recovery assistance through a \$27 million Disaster Recovery Project (including funds added in Amendment No. 1 of May, 1984) and local currency projects financed from the sales of Titles II and III.

### 1. Immediate Relief (OFDA)

OFDA assistance amounted to \$242,000. Some of the uses of these funds in the flood and drought regions are highlighted below.

In response to the Santa Cruz flood, OFDA sent a disaster assessment team to Santa Cruz to assist in evaluating the extent of the flood damage and to advise the municipality regarding assistance to the refugees in PLAN 3000, a

housing area under construction that was used for emergency quarters. Six potable water storage tanks were flown to PLAN 3000 to assist with water distribution. Plastic sheeting for 300 shelters was provided. Through a grant of \$20,000 to Seventh Day Adventist World Services (SAWS) in Santa Cruz, blankets, water containers, tools, and other needed articles were provided. In addition, USAID contributed funds for latrine construction and distributed iodine and chlorine tablets. To complement these activities, more than 367 metric tons of food were supplied through the transfer of available resources from the Catholic Relief Services' (CRS) PL 480 Title II regular program to PLAN 3000 and other flooded areas. Lastly, to assist the people of San Julian in the Department of Santa Cruz, USAID provided food, tools, medicines and medical supplies, as well as \$10,000 for the reconstruction of six small bridges to enable farmers there to return to full agricultural production as quickly as possible.

In response to the drought in the Department of Potosí, 23 water storage tanks were sent to the city of Potosi to facilitate its water distribution efforts. SAWS/Potosí was granted \$4,700 to assist drought victims, and the Utah-Bolivia Partners received \$7,000 for the construction of water storage facilities for livestock.

In the city of La Paz, USAID provided \$6,600 for soup kitchens to feed campesino families who had migrated there from the drought areas.

## 2. PL 480 Emergency Food Assistance

USAID responded immediately to the food requirements of the flood victims in Santa Cruz and the drought-stricken victims of the altiplano by diverting food from the regular Title II programs to emergency needs. CRS/ Caritas, which in March 1983 had a three-month supply of commodities on hand, played an important role in promptly making food available to the disaster victims. Approximately 1,280 metric tons of a mixture of Title II commodities were distributed from March 1983 until the first emergency shipment arrived in October 1983.

In response to the Mission's request, a total of 28,820 metric tons of PL 480 Title II food was approved for donation among the emergency victims. The food was consigned for distribution by the cooperating sponsors as follows (MT): CRS/Caritas, 8820; Food for the Hungry International (FHI), 10,000; and the National Service for Community Development (SNDC), 10,000. The food was targeted for distribution among approximately 475,000 drought victims identified by Civil Defense, the National Office for Food Assistance (OFINAAL), local governments, and others.

In addition to the food sent for distribution by the sponsoring agencies, 15,000 metric tons of Title II rice were donated for monetization and \$13.8 million of Title III rice and wheat were provided for sales mainly in urban areas. The proceeds of the Title II sales were to be used for: paying all expenses relating to the emergency food distribution; for purchasing supplies and materials required to implement food-for-work projects; and to finance a Community Credit Revolving Fund Program. The Title III proceeds were used for projects to accelerate economic recovery in the affected areas.

The food provided by the U.S. constituted between 80 and 85 percent of the total emergency food assistance provided to Bolivia in response to the emergencies.

### 3. Disaster Recovery Assistance

#### a. Disaster Recovery Project

The original \$17 million Disaster Recovery Project signed on October 12, 1983, was amended in May 1984 to add \$10 million. It now consists of eight components (including program support), four of them infrastructure reconstruction totaling \$15.7 million, and commodity import subprojects totaling \$8.2 million. The largest component involves the reconstruction of the Cochabamba-Santa Cruz highway (\$10.6 million) to reopen what was the most important internal transportation link in Bolivia before it was destroyed by the Santa Cruz flash flood. Most other components are aimed at speeding the recovery from the drought of the altiplano region, the poorest in the country.

The highway reconstruction project involves the construction of one major and five smaller bridges, and the clearing of landslides from the roadway. The GOB counterpart agency is the Highway Department (SNC), with the bridges to be rebuilt by private Bolivian contractors. A second infrastructure component allocated \$2.2 million to be spent by three Departmental Development Corporations (CORDEs) to build relatively small-scale irrigation projects in altiplano and highland valley drought areas. CARE has been allocated \$1.8 million to build small potable water systems and micro-irrigation projects serving rural towns and villages in the altiplano. Finally, \$1.1 million has been allocated to rehabilitate parts of the potable water systems of Sucre \* and Potosi, the two largest cities in the drought-affected areas.

The largest commodity import component was added to the project in the May 1984 project amendment: \$5 million for pesticides and \$500,000 for veterinary supplies and small machinery. The purpose of this component is to speed agricultural recovery by providing needed inputs not presently available due to Bolivia's severe foreign exchange shortage. Earlier, the project had imported \$1.5 million worth of fertilizers for resale by farm cooperatives. The importation of \$1.1 million worth of medicines is also a part of the project.

The first project amendment also increased the program support budget from \$400,000 to \$1.9 million to establish a coordinating unit for the project, to increase technical assistance, and to establish a Disaster Surveillance Data Collection System.

b. Title III Local Currency Generations Projects

Seven million dollars worth of funds generated by the regular and emergency Title III program were used to promote agricultural recovery activities in the disaster-affected regions.

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\* Recently canceled.

c. Title II Local Currency Generations Uses

Upon completion of the commercial sales, approximately 5.7 billion Bolivian pesos was expected to be generated by the Title II monetization program. Just over half this amount has been allocated to CRS/Caritas, Food for the Hungry, and the National Service for Community Development to cover the costs of the emergency food-for-work program, including local transportation, temporary warehousing, and the hiring of necessary personnel.

The rest of the generations, about 2.8 billion Bolivian pesos, are being used to establish a Community Credit Revolving Fund Program to help recapitalize over 630 altiplano villages in six zones affected by the drought, benefiting 37,000 households or 185,000 individuals. Under this program, each village receives about \$30 per household to use as it sees fit, either for communal or individual household recapitalization projects. The loans are denominated in potatoes (or other agricultural produce if locally appropriate) and repaid in kind over the next five annual harvests. This procedure is designed to index the fund against inflation while at the same time avoiding the astronomical interest rates that would be necessary to maintain the fund's capital were it to be denominated in peso terms. The implementing agency will establish a marketing operation to dispose of the potatoes, sheep, or grain received in payment from the villages.

C. IMPLEMENTATION PROGRESS

1. Immediate Relief

Most of the 14 small grants made to voluntary agencies for providing immediate food and shelter supplies to flood and drought victims were disbursed rapidly and effectively. As of July 1984, however, only about half of these agencies had submitted all required documentation and reports on their projects. A few projects were not yet completed at that time, generally those that had required procurement of quantities of materials or equipment.

## 2. PL 480 Emergency Food Assistance

The Mission responded to the emergency to the best of its ability and available resources. The food commodity requirements and the number of people in need of emergency assistance were significantly larger than for the regular program. Only Caritas had the administrative capacity and the experience to assume greater responsibilities in the handling of an expanded disaster relief program. There was no institution in the Bolivian Government or in the private sector capable of assuming an overall coordinating responsibility for the planning and implementation of the food assistance. The Office of Civil Defense and OFINAAL (Oficina Nacional de Asistencia Alimentario, the national food assistance office) participated with the PVOs and the local governments in preparing lists of families in need of food assistance, but neither of these organizations played an important role in the overall coordination of program implementation.

Under Title II, rice, cornmeal, cooking oil, lentils, wheat flour, and non-fat dried milk were provided for distribution at no cost to drought victims. Within the overall Title II distribution, food was drawn from two sources: the 28,820 metric tons valued at \$15 million provided as a grant for drought relief, and about 12,000 metric tons (1,000 per month) from the regular program diverted to the emergency. In addition to the food, money was provided from the proceeds of the Title II rice sales to cover transportation and overhead costs for free distribution of food. Cash was also provided from the regular Title III sales program (not emergency-related) at the beginning of the program, prior to the monetization of the Title II rice. These funds were reimbursed later to the Title III account.

At the beginning of the emergency, the main interest was immediate distribution to the disaster victims. Subsequently, the voluntary agencies organized food for work projects. A family of five members received monthly approximately 51 kilograms of a mixture of Title II food including rice, 12 kgs; wheat flour, 15 kgs; non-fat dried milk, 12 kgs; cornmeal, 12 kgs; and 2-1/2 liters of cooking oil. At the beginning of the emergency period when the special allocations of food had not arrived, many families received only one distribution so a maximum number of drought victims could benefit.

At the beginning of 1984, heavy rains in some regions of the altiplano caused floods and more damage. By this time sufficient Title II food had arrived in the country, the voluntary agencies were much better organized, and funds from proceeds of food monetization were available for program implementation. Better designed food-for-work projects were implemented. During a field visit to the Departments of La Paz and Oruro, the Assessment Team had the opportunity to observe many projects, including rural aqueducts, water wells, irrigation ditches, feeder roads, culverts, rural constructions, fences, and dikes (defensivos) to protect towns and family dwellings from floods, some of them 25 kilometers long, 10 feet wide and 5 feet high.

There were some gaps in the food distribution; i.e., communities near the urban areas probably received more food than needed, while distant and difficult-to-reach communities received very little or no food at all. Nevertheless, the total coverage of the emergency food assistance in Bolivia was good, taking into consideration the size of the emergency area and the lack of adequate institutional infrastructure to organize and carry out the food distribution.

In addition to the Title II free distribution there were two sales programs: (a) a Title III emergency rice and wheat shipment sold mostly in urban areas by the Government of Bolivia's National Rice Enterprise (ENA); and (b) a Title II rice shipment which was sold to targeted rural communities at a subsidized price. The urban sales program was not handled well by ENA, but it was successful in assuring that adequate quantities of rice were available in the urban areas at a reasonable price. The rural sales program was very well received as the inhabitants of the rural areas had lost their potato crop and had sold their animals because of the drought. Thus, they had money available to purchase a well-accepted, substitute food product. Eighty percent of the rice was sold to rural communities within a 55-day period in April and May 1984. The balance is being sold through commercial channels.

To assist in the management of the emergency relief assistance, the Mission contracted the services of an Emergency Food Coordinator. Direct hire officers of the Title II regular program also participated actively in the

emergency relief. Recently, USAID acquired the services of four regional Food Inspectors who are providing guidance and assistance to the sponsoring agencies and helping to control the distribution of the food.

Emergency distribution was discontinued by USAID on July 15, 1984, and existing stocks were re-assigned to the regular Title II Program.

#### Problems encountered

a. There were delays in ordering, shipping and transportation. Regarding ordering, it took four months (from April to August 1983) for Catholic Relief Services to agree to the first emergency food request of 8,820 metric tons.

There was a delay in shipping the commodities. The Food for the Hungry's order of August 10, 1983, started arriving five months after being ordered, and the National Community Development Service's order of June 16, 1983, started arriving six months later.

Delays were encountered in inland transportation from Matarani, Peru, the port of entry, to the different points of arrival in Bolivia. These delays were caused by a strike of the railroad company, 30 days' delay at the port of entry, and landslides on the highway.

b. Lack of coordination among agencies participating in the emergency food relief resulted in duplication in some areas and no distribution at all in others. (USAID Comment (La Paz 7834, November 9, 1984): It should be noted that because of the USAID's close monitoring of distribution patterns, the situation was quickly recognized and food distribution improved significantly by April 1984).

c. There was a lack of sufficient and trained personnel in the distributing agencies to participate at project sites in targeting recipients and supervising the food distribution.

d. OFINAAL, a local institution created for the purpose of coordinating the emergency food assistance, was unable to carry out its responsibilities. It became a distributing agency of the World Food Program; thus, there was no institution capable of exercising overall coordination of the emergency program.

e. There was a lack of sufficient and appropriate food warehousing space, especially in the departments affected by the emergency. (USAID Comment (La Paz 7834, November 9, 1984): There was insufficient warehousing initially because the food shipments were not staggered as requested and they all arrived at the same time. The deficiency, however, was corrected with USAID's assistance and no major food losses occurred).

f. The use of five different commodities contributed to the delay in food deliveries because distribution was not carried out until all commodities had been received.

g. Because of a lack of managerial capability, neither Food for the Hungry nor the National Service for Community Development could handle the size of food program allocated to them.

h. Given the urgency of making food available to the drought victims, agencies were sometimes unable to do an adequate job of monitoring, targeting of recipients, and distribution of food.

### 3. Disaster Recovery Assistance

#### a. Disaster Recovery Project

The principal components of the Disaster Recovery Project, with the financial status of each, is shown in Table III-1 below.

##### (1) Santa Cruz-Cochabamba Highway

The flash flood of the Pirai River took out a large bridge on the Santa Cruz-Cochabamba highway. The heavy rains also caused several

landslides which blocked the highway in a number of places and took out five smaller bridges. AID agreed to replace the bridges and re-open the highway. The chief engineer of the Latin American and Caribbean (LAC) Bureau of AID/W made a reconnaissance of the affected area and provided preliminary estimates of the cost for repairing the highway. After approval of the original Disaster Recovery Project in October 1983, USAID requested and received AID/W authorization to waive advertising in the U.S. for the proposed contract for rebuilding of the Pirai bridge. The Highway Department (SNC) of the Government of Bolivia issued a local request for bids. Only one firm responded, and the GOB was unable to come to agreement with the company.

Table III-1

FINANCIAL STATUS OF DISASTER RECOVERY PROJECT  
As of June 30, 1984

<u>Component</u>	<u>Obligated</u>	<u>Ear-marked</u>	<u>Committed</u>	<u>Expended</u>
Rehabilitation of Santa Cruz-Cochabamba Highway	10.6	1.4	0.5	0.3
Urban water supply	1.1	0.5	--	--
Irrigation (CORDE)	2.2	0.2	0.1	0.1
Potable water and small-scale irrigation -- CARE	1.8	1.7	1.7	0.6
Fertilizer imports	1.5	1.5	1.5	1.4
Importation and distribution of medicines	1.1	0.3	0.2	0.1
Importation of agricultural inputs	5.6	--	--	--
Program support	1.5	1.1	0.8	0.1
Contingencies	1.6	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Totals:	27.0	6.8	5.1	2.9

Subsequently, technical changes were made, an additional \$1 million was obligated for the project, and a new solicitation was prepared. This was advertised in the U.S., but no interest was expressed. Again only one firm submitted a bid. A contract was let in late July 1984, 16 months after the bridge was washed out and nine months after the signature of the original Project Agreement. The contractor must complete the footings for the bridge before the rainy season begins in earnest so that work can continue; otherwise, it is unlikely that it will be usable by next harvest season.

No work has been done on the landslides because of delays in the receipt of supplies and equipment being procured by USAID. USAID took on the procurement job because of the inefficiencies in the Highway Department. Contracts for the smaller bridges have not yet been let because of problems within the Highway Department, e.g., political interference (including strikes), organizational inefficiencies, and poor communication between the departmental headquarters and La Paz. The Highway Department assigned poor equipment to the project and has even been cannibalizing and/or diverting it to other uses. Thus, USAID-ordered spare parts probably will not be adequate to rehabilitate the needed equipment.

## (2) Urban Water Supply

This component is to provide for an increase in the supply of water for Potosí, which had a serious shortage during the drought, and for Sucre. The latter had an adequate supply of water during the emergency, but the canals upon which the city relies are old and deteriorating. Thus, the Sucre project is to provide security against the possible loss of its water supply in another weather-related emergency.

Little has been done on either project. The Potosí project has been delayed awaiting USAID-procured heavy equipment. The Sucre project was not properly designed. A design contract was signed in August 1984, so it will be some months before construction will begin. (NOTE: USAID advised in La Paz 7834 of November 9, 1984, that the Sucre Project has been canceled.)

(3) Small-Scale Irrigation (CORDE)

The construction or rehabilitation of relatively small-scale irrigation activities on the altiplano and in the high valleys is to be carried out by three departmental development corporations (CORDEs): Oruro, Chuquisaca, and Cochabamba. Plans have been approved and funds advanced for one CORDE, plans for a second were being reviewed during the Assessment Team's visit, and the plans for the third were expected shortly. Technical assistance personnel had yet to be contracted for the Oruro and Cochabamba CORDEs; none will be provided to the Chuquisaca CORDE. Implementation was also being hampered by the delayed arrival of equipment and materials procured by USAID. (USAID Comment (La Paz 7834, November 9, 1984): At the time of the evaluation, all three CORDEs had begun implementing the irrigation subprojects. There have been delays in the procurement of vehicles and small equipment because the CORDEs decided after the project agreement was signed to request different types of equipment. USAID/Bolivia has not been involved in the procurement of materials for this sub-component of the Disaster Recovery Project).

(4) Potable Water Supplies and Small-Scale Irrigation (CARE)

With separate funding, CARE has been carrying out a program of assisting rural villages to install potable water systems in their village and to help build small-scale irrigation systems. Under the Disaster Recovery Project, CARE was given a grant to expand its program in altiplano communities. CARE provides pipe and other materials, the communities provide labor, and the CORDE provides technical assistance. The program is well received, and progress has been good. At the time of the Team's visit, about 30 of the programmed 55 systems had been completed, and over 20 are under construction.

(5) Import and Distribution of Fertilizer

The original project agreement provided for the import of approximately 2,100 tons of di-ammonium phosphate and 900 metric tons of urea.

This procurement was carried out early in 1984 and had been delivered to distributing agencies prior to the arrival of the Team. Twenty percent of the fertilizer had been sold as of August 18, 1984, but the main purchases for the next planting season had not yet begun.

(6) Import and Distribution of Medicines

In the original Project Agreement, provision was made for the importation of selected medicines for distribution by the Ministry of Health to rural health posts. There were difficulties in getting an approved list of medicines, and the TDY technical assistance was of little, if any, value. Furthermore, it was determined that the Ministry of Health could not be expected to carry out the distribution of the medicines efficiently and effectively. In Amendment No. 1 of the Project Agreement signed in May 1984, the plan was changed to provide for the distribution to be carried out by Project Concern, a U.S. private voluntary agency, which had successfully developed a rural distribution of medicines in Oruro Department. A more reduced list of medicines was agreed upon and procurement by AID requested. Orders were being placed by AID/W in August 1984 and were to be sent air freight. Training programs were being carried out, and it appeared that it would be possible to initiate the distribution of medicines by October 1984.

(7) Import and Distribution of Agricultural Inputs

A new project component was added in Amendment No. 1 under which it was planned to import \$5 million of agro-chemicals (principally pesticides) and \$500,000 for veterinary supplies and small farm machinery. Also included was \$90,000 for a training program in agro-chemical application and safety; purchase of pesticide antidote; strengthening the capability of the Residue Analysis Laboratory of the Ministry of Agriculture to monitor agro-chemical contamination; a study of the practices of re-packaging of agro-chemicals and the efficacy of agro-chemical application equipment available in the country. The peso proceeds generated by the agro-chemical imports will be used for: credit to existing and to-be-established integrated cooperatives (\$1.5 million); artisanry development (\$500,000); rural housing

through FENACRE, the Bolivian Savings and Loan System (\$2.5 million); and operational support of the USAID-sponsored disaster recovery activities (\$1 million).

USAID had some difficulty in establishing with the GOB a firm list of acceptable agro-chemicals that could be imported and definite procedures for the importation program. USAID had not decided at the time of the Team's visit on the procedure to be followed for the importation program. A decision was expected soon, however, so imports could arrive before the next planting season. Some of the prescribed training had been initiated.

#### (8) Program Support

The provision in the original Project Agreement for project support was \$437,000. In Amendment No. 1 this was increased to \$1,476,000. The principal elements are: a coordination unit for facilitating the implementation of the Disaster Recovery Project; personnel, vehicles and equipment to support the emergency food distribution program; short-term technical assistance, audits and evaluation; and the establishment of a disaster surveillance data collection system (DSDCS).

The coordination unit has been established under the Rural Development office. Personnel have been hired to help manage and monitor the emergency food distribution program, vehicles have been procured, and equipment ordered. Personnel have been contracted to implement the Disaster Surveillance Data Collection System activity, initial training has been carried out, and vehicles have been procured. The DSDCS has been re-designed because some of the assumptions of the original design team regarding the availability of primary data sources are not valid.

#### b. Title III Local Currency Generations Projects

No distinction was made by the PL 480 Title III Secretariat, which manages the Title III generation accounts, between generations from the regular and emergency Title III imports. However, the Secretariat did provide a list of projects funded from Title III generations that were responsive to

the emergency (Table III-2 on the following page). The Assessment Team did not have time to review the status of all of these projects. It was noted, however, that the projects are subject to an annual external evaluation and the latest evaluation (early 1984) was reviewed. Some projects received mixed assessments, depending largely upon which Departmental Development Corporation or other GOB agency was implementing the project, but in general the program received high marks. The Title III Secretariat was particularly noteworthy as one of very few effective GOB agencies.

c. Title II Local Currency Generation Activities

Approximately 5.7 billion Bolivian pesos will be available from the sale of the rice. About fifty percent of the sales proceeds has already been utilized by the food distribution agencies to cover the cost of the emergency Food-for-Work program: transportation from regional offices to beneficiaries, extra personnel, and temporary storage facilities. About 2.8 billion Bolivian pesos of the Title II generations were allocated for a Community Revolving Credit Fund Program.

Rural Development Services (RDS), a U.S. private voluntary agency, has been contracted to manage the community credit program. RDS is in the process of establishing a local PVO called FINCA to handle the program, which will include the collection of the payments in kind at the village and marketing the products.

As of August 13, 1984, RDS had granted 31 loans for 208,640,000 Bolivian pesos in five of the six zones (the North Potosi report had not been received in La Paz by that date). The program had been operating only one month. This fast start indicates that the program is popular in the rural areas and that RDS has a good chance of reaching the target of 650 communities in the first year of operation.

Table III-2

PL 480, Title III Disaster-Related Activities

	<u>Amount \$US</u>
1. Rice and Corn Production and Marketing in Santa Cruz	392,857
2. Corn, Soy and Sorghum Production in the Beni	153,181
3. Construction of four bridges in the Beni	2,040,816
4. Wheat Seed Production in Santa Cruz	276,835
5. Basic Seed Production in Santa Cruz	196,773
6. Winter Crops for Small Farmers in Santa Cruz	512,167
7. Potato Seed Production in Cochabamba	40,089
8. Integrated Agricultural Development Program in Potosí	221,277
9. Reactivation of Potato Production in Potosí	1,127,551
10. 1983 Emergency Agricultural Plan in Santa Cruz	128,588
11. Emergency Program in Cochabamba	265,786
12. Spider Control in Fruit Producing Areas	344,363
13. Potato Production in Potosi	265,306
14. Agricultural Emergency Plan in La Paz	437,245
15. Credit for Winter Production in Cochabamba	290,965
16. Corn Production in Cochabamba	131,789
17. Milk Production in La Paz	<u>173,147</u>
Total:	<u>6,998,735</u>

## D. ASSESSMENT TEAM COMMENTS AND RECOMMENDATIONS

### 1. Appropriateness of the AID Response

#### a. OFDA Relief

The OFDA response was timely, appropriate, and effective. USAID had high praise for OFDA's response and its assistance to USAID in dealing with the emergency and in planning the recovery program.

#### b. Emergency Food Assistance

USAID and the distribution agencies, especially Caritas, responded immediately and appropriately to the emergency by diverting regular Title II program stocks to handle emergency food distributions. USAID also initiated early requests for emergency food assistance, both for direct distribution through food-for-work and through sales in both urban and rural areas. The rural sales program was particularly appropriate. It was needed earlier. However, because of the National Rice Enterprise's mishandling of the Title III Rice Sales Program, difficult negotiations were required with the GOB to assure that the Title II Rice would be delivered to the rural populations affected by the drought. Consequently, the Title II Rural Rice Sales Program could only begin after the USAID redesigned the distribution system and convinced the GOB to collaborate with USAID/Bolivia in implementing the new plan in the rural altiplano. If the Sales Program had been implemented earlier, there was a strong possibility that the commodities would have been diverted to the more politically vocal urban areas of the country, disregarding the rural sales objective of the Rice Program.

Title II commodities for emergency food for work projects were appropriate, but the activity would have been more effective if USAID had requested only three commodities instead of the five in the regular program. At a certain point in the recovery program, food-for-work programs are very appropriate. The Assessment Team believes, however, that a more direct distribution program, even a subsidized sales program, is needed during the relief

period. The relief period may be somewhat longer than normal in a drought situation, particularly when the seriousness of the situation is not recognized early -- as was the case in Bolivia.

c. Recovery Assistance

Presumably due in part to late recognition of the magnitude of the problems being generated by the drought, funding for recovery assistance was rather slow in coming. It also was rather small in relation to the economic impact of the disaster, particularly given the seriousness of the economic problems facing the GOB even before the disaster.

The project activities included in the original project are all appropriate. The Assessment Team would rank the Agricultural Inputs and Disaster Surveillance Data Collection System activities, which were added by Amendment No. 1 in May 1984, higher than some of the activities in the original agreement -- such as water supply for Sucre. The Team recognizes, however, that the full extent of the decapitalization of the altiplano peasants was not known when the original agreement was signed.

The CARE project is providing village water supplies and small irrigation works. One of the water supply projects visited by the Team did not appear to be making the village less vulnerable to future droughts, even though clearly providing a convenience. The Team suggested that USAID instruct CARE to select projects more clearly related to disaster recovery or disaster prevention.

The use of Title II sales proceeds to finance the Community Credit Revolving Fund Program is innovative and particularly relevant. It could, if it is as successful as it is popular, offer a useful alternative to traditional credit programs in the rural areas of the altiplano where the campesinos generally do not have access to regular credit programs. USAID is also to be commended for urging that Title III local currency generations be targeted to meet recovery needs.

## 2. Implementation and Monitoring

Implementation progress has varied among the different components of the disaster response. OFDA relief was timely and well received. The efficiency of food distribution and sales varied significantly among the components (food-for-work, Title II sales, Title III sales), depending in part upon the experience of the responsible agency. In spite of various implementation problems, food distribution and sales were generally effective and very important in mitigating the effects of the drought. Implementation of some of the components of the Disaster Recovery Project has been slow, reflecting inefficiencies in the GOB agencies involved, contracting difficulties on the highway sub-project, delays in USAID procurement, the need to redo some design work, and the lack of a full-time direct hire project officer for the project since June. Emergency food assistance and disaster recovery projects will be discussed more fully below.

(The USAID felt that the Team did not stress sufficiently in the sections below the full significance of the problems inherent in the special situation in Bolivia. The Team concurs and includes herewith supplemental information from the USAID (La Paz 7834 of November 9, 1984): "Beginning in this chapter and continuing through the Bolivia section, the evaluation alluded to the nation's economic and political crises and to Bolivia's institutional weaknesses, but the degree of difficulties these realities have caused and cause the Mission was not really explained. Since the early 1980's, Bolivia has been struggling through its most severe economic crisis of the century and the country's fragile, two-year old democracy has been teetering on the edge of chaos throughout much of the disaster period. GOB Ministries have not had the financial resources to pay salaries, travel allowances, or provide their professionals with even basic office supplies. The GOB's bureaucracy, which is controlled by the nation's unions and political parties, is susceptible to every political whim and dispute. Administration policies and programs are frequently contradicted or simply ignored. Strikes by government workers are commonplace. Consequently, the GOB has had only limited resources to devote to emergency relief or medium term disaster recovery programs, and political disputes have disrupted emergency efforts and closed Ministries at critical

moments during the implementation process. Under these circumstances, USAID/Bolivia has been forced to play a more direct and dominant role than normal in the planning, implementation, and decision-making of all its emergency and medium term disaster recovery activities in Bolivia.)"

a. Emergency Food Assistance

A major difficulty in planning emergency food assistance was the difficulty in determining the impact of the drought. GOB reporting systems were totally inadequate. USAID sponsored an agricultural survey early in 1983 which indicated that there would be a serious shortfall in agricultural production in the highland areas. However, it was some time before the GOB devoted much attention to responding to the drought situation because it was preoccupied with the flash flood problems in the Santa Cruz area. Furthermore, the regular reporting systems of the GOB were not functioning well enough to raise danger signals, let alone give current indicators of the impact of the drought. The lack of a functioning data system also made it difficult to target the food assistance.

(1) Title II Food for Work

To respond appropriately to the seriousness of the drought would have required a large and rapid expansion of the Food-for-Work program. USAID attempted to do this by encouraging the distributing agencies to use available stocks from the regular program and authorizing large shipments for emergency distribution. However, most of the agencies were not well enough staffed and equipped to handle significant additional amounts of food on short notice. CRS/Caritas, which had the greatest capability, was unwilling to use the regular food stocks in emergency programs. Because of the seriousness of the food situation, agencies increased rations or reduced the amount of work required for a given ration to speed up distribution. There were reports that some of the projects were "make work." This suggests that food-for-work programs may not always be the most appropriate response to a food emergency because it takes time and financial and other material resources to organize a food-for-work program.

Because of a breakdown in coordination by OFINAAL, the GOB coordinating organization which began handling distribution of food from other sources, there was oversupply in some areas and no distribution in others. When USAID realized this, it increased its monitoring staff and attempted to increase its own coordinating role. This was not appreciated by OFINAAL, nor by at least one voluntary agency. OFINAAL was also unhappy when USAID terminated the emergency food distribution program. The Assessment Team feels that the USAID should take the initiative in trying to re-establish good working relations with OFINAAL and all of the distributing agencies, and between OFINAAL and the agencies.

In addition, it is important that OFINAAL and the agencies recognize and integrate into their operations the lessons learned during the emergency.

RECOMMENDATION BOL-1: That USAID encourage, and financially support if necessary, a workshop to:

- a) Discuss the results of the emergency food distribution activities, focusing on the positive accomplishments as well as reviewing the types of problems encountered;
- b) Encourage agencies to consider how the experience could be used to improve their regular programs;
- c) Encourage the individual agencies and OFINAAL to prepare disaster plans, drawing on the lessons learned; and
- d) Provide the basis for a section to be added to the Mission Disaster Plan on emergency food distribution.

(USAID comment (La Paz 7834, November 9, 1984): "The Mission agrees with this recommendation and has encouraged OFINAAL and the World Food Program to sponsor such a seminar; the USAID is willing to collaborate in its implementation. As a separate but complementary activity, the Mission is holding

consultation with voluntary agencies to learn from the disaster experience and to reorient its regular food-for-work programs to mitigate future disasters.)"

Participants in the workshop should include OFINAAL, the distributing agencies, the departmental development corporations from the affected areas, World Food Program, and other major food donors during the emergency. Some important agenda items could be:

- 1) Definition of the role of a GOB coordinating agency;
- 2) USAID effort to establish a drought-related disaster alert and disaster recovery surveillance system;
- 3) A means of maintaining current information on the availability and condition of physical infrastructure (e.g., warehousing, transportation facilities) and the geographic coverage and administrative capability of existing and/or potential food distribution agencies;
- 4) Identification of potential resources for immediate use in cases of emergency;
- 5) Identification of possible training needs of distributing agencies, and establish the frequency with which such training might be needed;
- 6) Determination of which commodities (preferably no more than three) would be most appropriate for use during emergency situations in the different parts of the country. (The Assessment Team members visiting the altiplano found a preference for rice, wheat flour, and cooking oil. Lentils also were very well accepted even though it was the first time they were used in Bolivia.)

## (2) Title II Monetization

The distribution of the Title II monetized rice was well planned and executed, and was targeted particularly to rural communities that

not been assisted by other food distribution activities. Although there were a number of minor problems, this distribution was a remarkable accomplishment. An entirely new system was designed and implemented within weeks, and it functioned with a minimum of confusion, with relative absence of corruption, with a remarkable (for Bolivia) freedom from political interference, and with a fairer and better-targeted distribution than had ever before been achieved. The activity was closely and helpfully monitored by USAID, using a newly contracted project manager and four field inspectors. Because of close cooperation between USAID staff and Rural Development Services, the designer of the distribution system and overall coordinator of distribution, and the adequacy, by then, of USAID contract personnel, this was probably the best monitored disaster assistance activity in Bolivia.

RECOMMENDATION BOL-2: That the Food for Peace Office in AID/W finance the preparation of a detailed report on the design, implementation, and evaluation of the Title II monetized program carried out in Bolivia with a view to distributing it to other countries for possible replication in disaster situations.

(USAID response (La Paz 7834, November 9, 1984): "USAID/Bolivia endorses the recommendation which urges the Food for Peace Office in AID/W to finance a study of the Title II Rice Sales Program as a model for use by other USAIDs. Such a study would be helpful and complementary to the analysis of the Rural Recapitalization Program which is presently being funded by the Mission.)"

b. Disaster Recovery Project

Because of the limited implementation capability in most GOB ministries and organizations, USAID took on a significant number of implementation actions that it might leave to the GOB in a non-emergency situation. However, it underestimated the managerial, logistical, and monitoring requirements involved in the disaster project. After it realized the magnitude of the requirements, it took action to contract additional personnel, but this was generally too late to avoid some delays in implementation. The situation was further complicated by the fact that USAID has two other major concerns

which must receive high priority from mission management: economic policy reform and the Chapare project. Furthermore, USAID's staffing has been holding constant, or being slightly reduced, while the portfolio has expanded (including the reactivation of dormant projects). AID/W refused to authorize a direct hire position for the management of the Disaster Recovery Project and even permitted a lapse in the replacement of the direct hire person who was given project management responsibilities in addition to other duties. The operating expense requirements were increased because of the extra administrative burden taken on by USAID, but AID/W has been reluctant to acknowledge and fund the additional needs.

USAID has established a pari passu system of providing funds to the Disaster Recovery Project components. This means that a second advance of USAID funds will be made to an activity only if the GOB has deposited a previously agreed upon amount of funds in a special account for the activity and has provided an accounting for its use. The Team was assured that this system has been effective in getting the GOB to provide its contribution to other projects. Given the critical economic situation in the GOB, the Team believes that a minimal contribution in kind should have been sufficient, and that the USAID could have funded additional operating costs. This would have simplified activity initiation and reduced the likelihood of project activities coming to a standstill because of a lack of counterpart funds or the provision of reports on the accountability of pari passu funds. The Team has concerns that such events may still take place and suggests that USAID consider modification of procedures or other possible solutions if such an occasion rises rather than "hanging tough" with existing procedures. This suggestion applies only to disaster recovery activities. The USAID has no plans to implement this suggestion (per La Paz 7834 of November 9, 1984.)

USAID does not have a Project Manager for the Disaster Recovery Project in its entirety. Furthermore, the acting Project Manager for the largest number of activities is a contract officer. Because of limitations on what a contract officer can do, most documents require signature by the director of the Rural Development Office, who is overburdened with work. In response to the recommendation in the Gersony report of December 1983 that one officer be given responsibility for the entire project, the USAID established a committee

approach to the management problem. The Deputy Director chairs the committee, and the committee met daily for a period of time. It was meeting weekly at the time of the Team's visit.

Given the unlikelihood of getting additional direct hire personnel, the Team accepts the committee approach as reasonable under the circumstances. However, the Team offered some suggestions for improving internal management of the project:

- a) Establish PERT-like implementation charts or other graphic materials which would show targets for each activity which could be reviewed by mission management on a regular basis;
- b) Consider transferring the Disaster Recovery Project Coordination Office from the Office of Rural Development to the Project Design and Implementation Office. The latter office includes the mission engineering and project procurement units, the two USAID offices most crucial to project implementation;
- c) Streamline the clearance process, particularly for Project Implementation Letters;
- d) Consider using TDY or IQC personnel to cover personnel absences;
- e) Establish clearly who is managing the Disaster Recovery Project budget, because some adjustments between activities are going to be needed; and
- f) Modify the financial reports for the project to make them more useful to project management.

Suggestions a, c, d, and f, if implemented, could also have a salutary effect on the management of other USAID projects.

The highway sub-project has been plagued by a number of problems: contracting problems; need to re-design the Pirai river bridge; strikes in the

GOB highway department; communication problems between the Santa Cruz regional office of the highway department and La Paz headquarters; poor management within the Santa Cruz office of the highway department; delays in ordering equipment. In retrospect, it appears likely that USAID would have saved time by hiring an architectural and engineering firm at the outset to do the design, prepare bid documents, and supervise the construction.

One of the most serious problems was overcome with the signing in July 1984 of a contract for the construction of the Pirai highway bridge. However, the construction of the smaller bridges had not been initiated and the highway department was not ready to initiate the clearing of the landslides and the rehabilitation of the highway.

The Team urged USAID management to concentrate for the next few weeks on the situation in the highway department so that contracts could be let for the construction of the small bridges and slide removal. The road rehabilitation should be contracted out or equipment should be rented so that work is not held up pending the arrival of USAID-procured equipment and spare parts. Given the imminence of the rainy season, immediate action is imperative to ensure that the highway will be usable by next harvest season.

Some delays and added expense were encountered because of the requirement that USAID approve all AID-financed local procurement in excess of \$2,500. This was required even though the procurement was previously approved in the quarterly budget. Approval by Project Implementation Letter took three to four weeks and resulted in one procurement being canceled because the supplier would not hold his prices for that long in the highly inflationary situation in Bolivia. To alleviate the problem, USAID raised the threshold for USAID clearance from \$2,500 to \$7,500. The Team applauds the USAID action and suggests it consider additional streamlining:

- (1) That USAID/Bolivia adopt a procedure whereby the GOB implementing agency could go forward with local procurement or local contracting for services previously approved in a budget document within, say, five working days from delivery of the request to USAID for its authorization of the procurement unless USAID advised orally that it

did not approve the procurement or wished to have the procurement documents modified. The oral response would be followed by a written communication.

- (2) That the USAID Director authorize the appropriate Office Director to sign Project Implementation Letters authorizing procurement or other implementation activities not involving policy, unless reference to the Director is requested by a reviewing staff office.

The implementation of the potable water supply projects for Potosi and Sucre are also considerably behind schedule. Arrival of equipment will permit action to move forward in Potosi. However, the Sucre work has not yet been designed and some people in Sucre are still arguing about what should be done. USAID awarded a contract in August 1984 for the design of the Sucre works. Unless the Sucre authorities cooperate fully, USAID should cancel the activity and transfer the money to another activity responsive to the recovery needs of the altiplano farmers, e.g. the small scale irrigation activities being carried out by CARE or the departmental development corporations (CORDEs). (NOTE: The USAID advised in La Paz 7834 of November 9, 1984, that it had canceled the Sucre activity.)

The small irrigation activities to be administered by the CORDEs had not yet begun, in part due to delays in design work, in part to delays in commodity procurement by USAID. The Team suggested that USAID consider renting equipment for the CORDEs pending arrival of the USAID procurement. (USAID comment in La Paz 7834 of November 9, 1984: "At the time of the evaluation, all three CORDEs had begun implementing their irrigation subprojects. There have been delays in the procurement of vehicles and small equipment because the CORDEs decided after the project agreement was signed to request different types of equipment. USAID/Bolivia has not been involved in the procurement of materials for this sub-component of the Disaster Recovery Project. The USAID has adopted the Evaluation Team's suggestion and authorized the rental of the equipment the CORDEs require until their procured items arrive.)"

The Team suggested that USAID finance a small study to explore additional ways to decrease the vulnerability of the highlands to the fairly frequent

recurrence of drought conditions. Possibilities might include reforestation, planting of pasture, construction of ponds, terracing, drilling wells which would be capped until needed, etc. Implementation of any of these ideas (once determined feasible and cost-effective) could be carried out with Title III local currency generations and food-for-work food distributions.

The importation of fertilizer for use in the highlands is one of the few activities that has been carried out expeditiously. However, it appears that the fertilizer is not being purchased by the farmers, in part for lack of credit, in part for lack of technical assistance capability on the part of FENACRE, the cooperative handling most of the fertilizer distribution. The Team suggested to USAID that it work closely with FENACRE and other agencies as necessary to improve the distribution program. It was also proposed that the USAID prepare plans for a December 1984 evaluation. (USAID response in La Paz 7834 of November 9, 1984: "It is true that the fertilizer was not being sold at the time of the evaluation, but the reasons for this are significantly different from those noted in the evaluation (i.e., the planting season in Bolivia had not begun and it was not the time of the year in which there was a demand for fertilizers). However, now that the planting season has begun all of the fertilizer has been sold.)

At the time of the Team's visit, USAID had considered three proposals for implementation of the Agricultural Inputs activity, but no firm decision had been made on the latest proposal. The Team urged USAID management to focus on this activity and make the necessary decisions immediately. Further delay will run the risk that the inputs will arrive too late for use in the coming agricultural season. Besides the negative impact of non-action on agricultural production, further delays would likely result in the withdrawal of importers because of the long time which they would have to hold the commodities before they could be sold. The Team also recommended that USAID prepare a detailed implementation plan for follow-on steps for monitoring the activity and for complying with the covenants in the Project Agreement, e.g., Sections 6.4, 6.5, and 6.6.

The Disaster Surveillance Data Collection System (DSDCS) activity was funded in Amendment No. 1 to the Project Agreement. The activity was based on

recommendations of a special team who visited the country in January-February 1984. USAID promptly contracted for a project manager, and he, in turn, moved quickly to recruit and train the proposed field people for the system. Unfortunately, the project manager has determined that the field conditions have deteriorated and some of the assumptions about the availability of data are no longer valid. The activity is being implemented solely by USAID, although it is planned to have the operation of the system taken over by the Ministry of Planning after it is fully operational. The Team thought that the chance of this happening would be enhanced if the Ministry participated in the design of the system. Given the changed circumstances from when the activity was designed, the Team doubted that it would be possible to provide the breadth, depth, and quality of data that was desired with the level of resources available. The Team recommended that USAID arrange for the early return of the original design consultant to review system priorities with the contract project manager and USAID. To improve the chances of getting reasonable results for the funds being invested, the Team recommended that USAID:

- a) Drop the collection of agricultural production data unless available from primary sources, and instead continue the annual agricultural surveys--hopefully financed from other sources;
- b) Assist Rural Development Services (RDS) to design their system for collecting agricultural price data and use the RDS data in the DSDCS;
- c) Review the need for transit/cargo information;
- d) Minimize primary data collection; use some resources to help improve the efficiency and reliability of existing governmental primary data collectors; and
- e) Give expansion of geographic coverage a higher priority than expansion of number of indicators collected.

## IV. PERU

### A. NATURE OF THE DISASTERS

#### 1. Overview

Peru was not dealing with a regionalized disaster such as an earthquake or local flood, but a series of natural disasters which had devastating impacts on the entire nation and caused an estimated US\$1.3 billion in damages in the 17 departments which were declared disaster areas. The total area in these departments is equivalent in size to the combined areas of the states of California and Washington. The gross domestic product (GDP) of Peru suffered a shattering 12 percent decline in 1983, and per capita incomes have been reduced to 1965 levels. An estimated 1.3 million people sustained significant loss of home or livelihood due to the floods and droughts. Thousands of poor farmers in the southern highlands attempted to survive the drought by digging up and eating their potato seed; while in the north, torrential rains dumped as much water on the city of Piura in six months as would normally fall in sixty years.

#### 2. Northern Coastal Floods

During the first six months of 1983, recurrent flooding caused heavy damage to Peru's northern coastal area. Much of the country's basic industry and most productive commercial agriculture is located in this area. Total damages from these floods were estimated at \$989 million, more than 5 percent of the nation's GDP. About 40 percent of these damages represent the repair or replacement costs of damaged infrastructure (primarily roads and bridges, oil facilities, housing, and irrigation systems), 40 percent the lost production of the oil and fish processing industries, and 20 percent lost agricultural production.

Approximately 700,000 people, four percent of the population of Peru, lost their homes or means of livelihood. Many more were less severely affected by temporary loss of employment or loss of access to foodstuffs or

other basic necessities. Although a significant proportion of these victims were rural farm employees or members of the large national commercial farming cooperatives, the majority were urban poor and working people living in the substandard housing of the northern cities' pueblos jóvenes (suburban slums).

### 3. Southern Sierra Droughts

In the highland areas of southern Peru, where the nation's poorest farmers carry on semi-subsistence agriculture dependent on natural rainfall, the El Niño weather pattern nearly eliminated the normal November-March rainy season. Coming on top of nearly a decade of drier than normal weather, this caused the loss of \$121 million worth of potatoes and basic food grains, \$31 million worth of livestock, and inestimable damage to natural rangelands. About 620,000 poor farmers (three percent of the national population) lost their livelihood to this drought, but it is safe to say that virtually the entire population of this predominantly agricultural area (2,966,000 people or 16 percent of the national population) suffered indirect economic effects from the disaster.

### 4. Heavy Sierra Rains, 1984

In the drought-affected area, the 1983-84 rainy season did not start until much later than normal, but then it compressed a much heavier than normal total rainfall into the shortened season. As a result, scattered valleys in the highlands were damaged by landslides, minor flash flooding, permanent loss of arable land due to erosion, and heavy crop losses. No estimates have been made of the extent of these localized damages. Although the losses were much smaller than in the preceding El Niño disaster, the people affected were often very seriously hurt because the previous drought had completely wiped out what little economic reserves they had previously accumulated.

## B. AID'S RESPONSE

AID has authorized about \$175 million to respond to the request of the Government of Peru (GOP) for assistance to combat the disaster. These funds are for the following:

- 1) Immediate relief valued at \$949,000 by the AID Office of Foreign Disaster Assistance (OFDA);
- 2) Emergency food assistance, which included diversions from the regular Title II, an emergency Title II Food-for-Work program, a Title II monetized program, and an emergency Title I sale (total food assistance around \$36 million);
- 3) A Disaster Relief, Recovery, and Reconstruction project (\$65 million authorized, of which \$49.8 million had been obligated by August 31, 1984--\$34 million loan, \$15.8 million grant);
- 4) A special Housing Investment Guaranty (HIG) loan of \$12.5 million.
- 5) A disaster assistance program loan of \$60 million. (Not reviewed by the Assessment Team.)

USAID also used some of the regular dollar program to assist in disaster relief, e.g., the purchase of 7.5 tons of medicines and 200 tons of seed potatoes.

### 1. Immediate Relief (OFDA)

OFDA responded to GOP requests for disaster assistance with a total of \$949,367 worth of disaster relief and rehabilitation activities, targeted primarily for flood relief in the north. Disaster specialists made repeated assessments of the developing disaster and specialized technical assistance was provided in disaster management, landslide vulnerability assessment, and nutritional impacts of the drought on children.

Early on, OFDA airlifted sixteen 3,000-gallon water tanks from emergency stockpiles to provide potable water in isolated areas, helped the GOP restore the vital road link between the city of Piura and the port city of Paita, and arranged for the shipment to Peru of two sewer cleaning machines for use in Piura and other cities.

Later, funds were used for the following emergency projects in response to the flooding: (1) the Ayabaca road re-opening project (involving 8 km of highway buried under mudslides) in Piura department; (2) the Huarmaca road re-opening project (involving 70 km of roadway in Piura obstructed by landslides and debris); (3) a potable water rehabilitation project for small villages (involving several rural areas in the departments of Piura and Tumbes); and (4) a sewer repair project for the Municipality of Tumbes.

In the drought areas, a total of \$138,000 was committed to three food and seed supply projects. OFDA also funded start-up costs of six drought disaster projects conducted by Catholic Relief Services (CRS), supplying seeds and other agricultural supplies to assist over 900,000 people.

OFDA also provided funds to the Peruvian National Committee for Science and Technology (CONCYTEC) to assist in the establishment of a unit to share and study scientific data collected separately by four Peruvian institutions. This was crucial because in late 1983 many persons were predicting a second year of El Niño, and many farmers were reluctant to plant their normal crops. The reports issued by the unit, which were widely publicized, allayed these fears. Full planting took place and the harvest in the north was a record.

## 2. Emergency Food Assistance

In response to the Mission request, AID/W authorized emergency Title II food assistance for free distribution totaling 48,882 metric tons of commodities with a total value of \$14.7 million (\$18.3 million including ocean freight costs). The food commodities were consigned for distribution by the four PVOs operating regular programs in Peru; 84 percent was distributed by CRS/Caritas.

In addition to the above, 10,600 metric tons of vegetable oil with an estimated value of \$7.8 million were donated to Peru for monetization. The main objectives were to alleviate the severe domestic edible oil deficit, to enable the GOP to use its scarce foreign exchange to import other vital food commodities, and to generate income to support the agricultural rehabilitation program. The proceeds from the sale were authorized for use in emergency relief expenses, including the acquisition of medicines, temporary shelters, potable water facilities, and other essential public services; repair and reconstruction of agricultural and public infrastructure; and for paying the voluntary agencies' expenses related to the management of the Title II donation program.

Food resources were also provided for sale through a July 1983 special allocation of Title I, PL 480 in the amount of \$10.5 million for 10,000 metric tons of vegetable oil and 18,000 tons of rice.

### 3. Disaster Relief, Rehabilitation, and Reconstruction (DRRR) Project

The original project, approved for \$4 million on July 20, 1983, had as a goal "to assist the rural and urban population recover from the devastating effects of the natural disasters." Its purpose was to "establish and make operational a coordinating unit within the newly-created National Development Institute (INADE)." As the project increased in size through three project amendments in late 1983 and early 1984 to a total of \$65 million, it became the largest single source of funding for the GOP's national disaster recovery efforts. This GOP emergency program is coordinated at the national level by INADE, but the actual projects are designed and directed by the development corporation (CORDE) in each disaster-affected department.

The bulk of the DRRR project's funds, therefore, are used by the CORDEs to fund 86 subprojects, involving over 460 subproject components in the flood and drought-affected areas of the country. Flood recovery subprojects are almost all public works efforts to rehabilitate or reconstruct basic infrastructure. Drought recovery projects predominantly involve public works construction also, but some CORDEs' portfolios include broader developmental subprojects, such as agricultural recovery and community development.

As the size of the DRRR project grew, both USAID and INADE increased their technical assistance and administrative support efforts: USAID established a Disaster Recovery and Reconstruction Division (DRR), and the CORDEs' administrative and project planning capabilities were increased by placing AID and INADE advisors in a number of the CORDEs and by providing most of the CORDEs with the services of Peruvian engineering consultant firms to help with project design, construction supervision, and monitoring.

In addition to the subprojects in the affected departments, the DRRR project includes funds for upgrading the administrative capacity of the Housing Materials Bank, for a disaster area public health campaign, and for support for the PVOs involved in the emergency PL 480 food distribution program.

### C. IMPLEMENTATION PROGRESS

#### 1. Emergency Food Assistance

The special Title I and Title II monetization shipments were handled relatively efficiently, and the proceeds generated expeditiously. Title II proceeds have been available for some months for use by INADE. Title I proceeds had also been generated, but had not been made available to INADE at the time of the Team's visit because of some internal GOP problems; they have subsequently been made available. The Title I and II sales were reported to have achieved their purpose of stabilizing prices.

USAID authorized the diversion of regular program stocks for distribution during the early days of the emergency, both in the north and in the south. The arrival of commodities for the Title II donation program was late. It was more than five months (normal three to four) from the time of calls forward to the arrival of the food in the disaster areas. The majority of the emergency food aid was earmarked and delivered to the south through Matarani port as the southern region was considered the most adversely affected in terms of food availabilities. Approximately 25 percent of the initial tranche of 17,000 MT was delivered to northern ports.

The emergency food donation included five commodities: corn meal, vegetable oil, rice, wheat flour, and bulgur. The number of recipients reached through the food emergency program is estimated at more than 500,000 during the peak period, including both the northern and southern disaster areas. In the south, most of the food was distributed through food for work activities, but a small amount was used in "comedores infantiles" (children's lunchrooms) where daily meals are prepared and served to the children of families affected by the drought. In the north (Piura, Tumbes), emphasis was given to the distribution of food to children through dining rooms established by "comités de damas" (women's clubs).

In the Puno area, where there is a concentration of food for work projects, the Assessment Team found a large number of unfinished projects. The local distributing agencies reported a shortage of supplies and materials that were needed to carry out the work projects in a timely and effective manner. The local agencies did not seem to have the capability to do the needed planning and setting of priorities to ensure that the projects were successfully terminated and a smooth transition achieved to the regular program by the planned March/April 1985 termination date (following the harvest in Puno).

(Note: USAID/Peru provided the following comment in Lima 12735 of 10/30/84 in relation to the previous paragraph: "The Mission has confirmed that local distributing agencies have experienced some shortages of supplies and materials needed to carry out the work projects in a timely and effective manner. The problem is basically one of liquidation of advances by voluntary agency Lima offices. The Volags have experienced difficulties in obtaining receipts from their field offices for services rendered and purchases made by these field offices. The receipts were needed to allow the central Volag offices to liquidate a good portion of their previous advances before requesting additional funds. Many of the field offices are located in isolated areas, and lines of communication are poor at best. In order to improve the situation, the FFD Division, the Volags, and the Mission's Controller's Office are discussing alternatives to the present procedures so as to allow liquidations to be made more expeditiously and therefore allow more rapid flows of funds to

PVO field representatives. We expect to have an improved system operational within a few weeks.")

Title II local currency generations were allocated to the cooperating agencies to cover internal transportation and increased costs related to the emergency program. In addition, \$3.3 million had been provided to the agencies through grants from the DRRR project to increase their capability to handle the larger programs and to ensure quality projects.

## 2. Disaster Relief, Rehabilitation, and Reconstruction (DRRR) Project

Although the initial Project Agreement was signed in July 1983, that agreement provided for only \$4 million, most of which was allocated to technical assistance and operating costs. Additional funds were added later in 1983, but little implementation took place until 1984. Even in 1984, physical implementation has been slow, but the pace should pick up substantially in the last four months of the year. Some of the factors that have led to a rather slow start in the use of the AID disaster funds are:

- a) the Government of Peru coordinating agency (INADE) was established in June 1983, and it took some time to get organized and staffed;
- b) USAID also had to increase staff, and it took a few months to recruit and hire core personnel;
- c) the CORDEs, which have been given the primary responsibility for organizing and implementing (or supervising the implementation of) DRRR projects in the field, were inadequately staffed and equipped to handle the design and implementation supervision of such a large increase in their project portfolios;
- d) both INADE and the CORDEs had to learn and adapt to AID's procedures; and
- e) USAID has been very cautious in approving project designs and allocating funds to the CORDEs.

Developments that indicate a much more rapid pace of implementation in the ensuing months are the following:

- a) INADE has increased its staff, has become familiar with AID procedures, and is now able to provide better support and guidance to the CORDEs;
- b) INADE has contracted with consulting firms for the CORDEs, most of which are operational or expected to be so before the end of September 1984. This will help overcome the backlog in design and increase the supervision and monitoring capability of the CORDEs;
- c) USAID now has contract advisors/monitors in 6 departments, with responsibility for monitoring 11 departmental programs, and an advisor working in INADE;
- d) USAID has a local IQC to provide financial management assistance and has contracted with several firms and individuals locally to provide engineering support for the project;
- e) USAID also had contracted additional personnel to serve the needs of the DRR office, including financial experts, agriculturalists, and generalists (one with background in information systems);
- f) INADE has contracted for an accountant and an engineer for a number of the CORDEs, in most cases permitting the CORDEs to establish special units for implementing the DRRR project;
- g) Most of the CORDEs have begun to give higher priority to DRRR project activities because: (1) the DRRR budget is a much higher percentage of their total program in 1984; and (2) the CORDEs expended most of their GOP funds (from the sale of bonds and oil revenues in the north) in the first part of the year, so they will now shift personnel resources to AID-funded activities; and

- h) Since a significant portion of the 1985 activity will be completing the activities begun in 1984, USAID should be able to maintain in 1985 the implementation momentum now building.

The DRRR project budget has three principal categories: technical assistance (which includes some USAID funding for advisors in the field and in INADE, plus the contract personnel in and supporting the DRRR office in USAID); operating costs (for support to INADE and INADE support to the CORDEs); and DRRR subprojects, most of which are allocated to the CORDEs (although there are small amounts reserved in 1984 for the Ministry of Health and for the Housing Materials Bank). The budget allocations for each of the above components and the latest information on commitments and disbursements are presented in the table below:

Table IV-1  
FINANCIAL REPORT, DRRR PROJECT  
as of August 15, 1984  
(\$Millions)

	<u>Total Budget</u>	<u>Current Budget 1/</u>	<u>Commit- ments</u>	<u>Dis- bursements</u>
<u>Technical Assistance</u>				
Short term	0.4	0.4	0.3	0.1
Long term	3.1	2.3	1.7	0.3
Local consulting firms	2.5	3.3	3.3	0.3
Operational Support	2.0	2.0	0.8	0.5
DRRR Subprojects	48.4	36.9	34.9	9.6
Ministry of Health	0.6	0.6	0.5	--
Materials Bank	1.0	1.0	0.5	--
VolAg Grants	7.0	3.3	3.3	1.7
	<hr/>	<hr/>	<hr/>	<hr/>
Total:	65.0	49.8	45.3	12.5

1/ Based on obligations to date.

The sub-project approval process is as follows: the CORDE prepares a project proposal which it sends to INADE; if approved, INADE sends the project proposal to USAID for approval. For a number of projects, USAID has approved the project in principle and authorized an initial advance of funds to help CORDEs cover the costs of preparing technical plans and documents and, in some urgent cases, to initiate works. Additional advances of funds are contingent upon USAID's approval of detailed engineering plans or contractual documents if contracts of over \$100,000 are anticipated. To assess the status of implementation, the Team prepared a report showing the budget, value of approved projects, amounts authorized for advance, amounts actually advanced, and amounts liquidated by CORDE. This information is reproduced below.

Table IV-2

STATUS OF 1984 DRRR SUB-PROJECTS  
as of August 31, 1984  
(Millions of Soles)

CORDE	<u>Approved Budget</u>	<u>Approved Sub-Proj</u>	<u>Advances Auth.</u>	<u>Advances Made</u>	<u>Funds Liquidated</u>
Amazonas	2.3	1.6	--	--	--
Ancash	1.8	1.8	1.1	0.7	--
Apurimac	3.4	3.4	3.3	1.3	--
Arequipa	5.4	5.4	1.9	1.5	--
Cajamarca	4.0	4.0	2.0	0.8	--
Cuzco	4.4	4.4	3.5	2.0	--
Huancavelica	5.0	5.0	3.5	1.1	--
Ica	2.8	2.8	1.4	1.0	0.5
La Libertad	4.4	3.0	2.3	2.2	1.3
Lambayeque	10.9	9.8	8.1	4.4	0.7
Moquegua	7.2	7.2	2.5	1.8	0.6
Piura	31.2	28.9	25.6	11.8	--
Puno	12.3	8.6	5.1	3.3	--
Tacna	3.6	3.5	2.1	1.7	--
Tumbes	<u>16.2</u>	<u>16.2</u>	<u>6.6</u>	<u>1.8</u>	<u>--</u>
Totals	114.9	105.6	69.0	35.4	3.1
Percent	100%	92%	60%	31%	3%

The relatively low level of advances made in relation to the level of advances authorized reflects:

- a) The fact that a number of plans were recently approved by USAID and the CORDE has not had time to request an advance; and
- b) USAID has been having internal problems in processing advances expeditiously.

The extremely low level of funds liquidated reflects the difficulty the CORDEs have in submitting the liquidation vouchers. USAID requires that the originals of all backup documentation be submitted with each voucher. This has resulted in slowing up the process in the CORDE and USAID got behind in processing what was submitted to it.

Based on a comparison of physical progress and status of advances and liquidations in some of the CORDEs, the DRR office of the USAID has estimated that accrued expenditures are slightly higher than the amount of funds advanced. Thus, accrued expenditures could amount to about one-third of the approved 1984 budget. Given that implementation will be much more rapid in the last four months of the calendar year than heretofore, the Team estimates that expenditures will reach about 75 percent of the budget. This suggests that cumulative expenditures for the DRRR project as a whole will approximate 40 percent of the authorized amount.

The 1985 budget for the use of AID funds by the CORDEs is 48 percent greater than 1984, but probably about equal in terms of US dollars because of the continuing decline in the value of the Peruvian sol in relation to the dollar. If the CORDEs achieve 75 percent of the 1984 program and 100 percent of the 1985 program, the DRRR subprojects component of the project would be 95 percent completed by the end of 1985. Even allowing for some slippage, which is possible given that next year is an election year in Peru, it appears that the project can be finished by the planned completion date of July 20, 1986.

An analysis of the movement of funds to the CORDEs has been used to assess the progress in project implementation because:

- a) the physical accomplishment data are not too useful at this time because they are a composite of all of a subproject's components, many of which have not yet been initiated. There are 86 sub-projects, over 460 components, and well over 1,000 work sites in the 1984 program; and
- b) there are so many subprojects still in the final design or contracting stage.

### 3. Local Currency Projects

Local currency was generated for support of the disaster recovery program by both PL 480 Titles I and II. Special legislation was in the process of being approved at the time of the Team's visit to authorize INADE to use the generations from the special Title I emergency program for support of the disaster program.\* INADE was planning to use the funds to procure vehicles for the CORDEs and to finance subproject expenditures, such as local sales taxes, that were not allowable under AID rules.

The Title II generations had been used by INADE to provide grants to the voluntary agencies to cover the costs of distributing food during the emergency. INADE also financed some small project activities submitted by the CORDEs; most of these also were related to food distribution. The value of Title II approvals was over 8,500 million soles at the end of August 1984.

Some of the Title II generations are also used as a revolving fund, from which INADE can provide advances to CORDEs for projects that INADE has approved, but which have not yet been processed and/or approved by USAID. The fund is reimbursed when USAID processes the first advance for the project.

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\* INADE now has the authority to use Title I generations.

#### 4. Housing Investment Guaranty (HIG)

Of the \$12.5 million authorized for emergency housing, \$3.75 million had been drawn down at the end of August 1984. However, commitments for loans, which would be reimbursable under the HIG, were slightly over one half of the total HIG. Therefore, an additional drawdown on the HIG loan was expected soon.

The Materials Bank is due to receive almost half of the total HIG loan. It had placed loans of about \$2 million by the end of August 1984. Loan placement data for other institutions were not available at the time of the Team's visit.

#### D. ASSESSMENT TEAM COMMENTS AND RECOMMENDATIONS

##### 1. Overview

Despite the magnitude of the disaster, Peru has successfully mounted an unprecedented reconstruction program and in record time. The GOP strategy was three-pronged:

(1) Development of a national plan to respond quickly and efficiently to the disaster - the National Planning Institute (INP) worked with local development corporations (CORDEs) to develop a national reconstruction plan which, although modified, continues to be the guiding document for implementing the disaster response;

(2) Development of a system to raise sufficient counterpart funds to complement donor agency projects - the GOP initiated an innovative system to generate counterpart funds through the sale of reconstruction bonds, generating the equivalent of over \$50 million in less than one year; and

(3) Establishment of an institutional framework to implement the INP Plan, the Bonds Program, and the numerous international donor agency assistance programs - the GOP quickly and efficiently established INADE, the institution charged with implementing the reconstruction program.

USAID was the only donor whose project was designed to provide the required T.A. to INADE and the CORDEs to assure that the institutional framework was able to respond as envisioned. Thus most of the institutional effectiveness of Peru's disaster response was made possible by AID assistance. A highly qualified advisory team and an entire support division were efficiently assembled by the Mission to provide this technical and administrative assistance to INADE. The CORDEs have been strengthened through project funded T.A. and are now implementing nearly 90 subprojects approved for AID financing totaling over \$37 million. Approximately 49,000 metric tons of Title II food have been distributed to affected areas without major problems, and hundreds of locally important disaster relief and reconstruction projects have been mounted by food recipients. The project already has had significant impacts, improving conditions for tens of thousands of Peruvians who suffered due to the 1983 disasters. Disaster-prone Peru is clearly in a much better position to respond to future disasters as a result of the USAID assistance and the institutional strengthening which has taken place at both the national and local levels.

## 2. Emergency Food Assistance

The Team felt that the mix of programs and the magnitude of the programs had been appropriate. However, a reduction in the number of commodities that were included in the Title II donation program from five to possibly three would have improved efficiency.

Given the emergency conditions, the programs generally had been well planned and implemented. However, the Team noted that there were a lot of unfinished projects in Puno Department--the department with the largest number of Title II food for work projects. The Team concluded that the distributing agencies operating in the area needed help in planning, setting priorities, procuring inputs, and possibly in inventory control, if they were going to bring all of the unfinished projects to a successful conclusion by April 1985 when the emergency food distribution will terminate. The Team was also concerned to find that the distributing agencies in the area complained of a lack

f funds, preventing them from purchasing equipment and supplies needed to implement the projects.

Based on the foregoing, the Team recommended that:

- a) USAID increase its representation in the Puno area for the next three to six months in order to provide greater assistance to, and coordination of, the distributing agencies.

(USAID response in Lima 12735 of 10/30/84: "USAID intends to increase its representation in Puno for the duration of the emergency by hiring a technical advisor for the OFASA-Juliaca and Caritas-Puno regional offices to assist in the planning, prioritization, selection, and completion of emergency projects. This assistance will help ensure that complementary inputs (non-food) are purchased and distributed as needed to finish all VolAg sub-projects.")

- b) USAID/Food for Development increase the number of field visits to all food-for-work sites until the end of the emergency distribution period.

(NOTE: USAID concurs and is implementing.)

- c) USAID/Food for Development assist the voluntary agencies to prepare a plan of work for the next seven months which would include help to:

- (1) identify supplies and materials needed;
- (2) identify and help find any technical assistance that may be needed;
- (3) establish criteria to limit the number of new projects;

- (4) ensure that work plans are established for larger individual projects to see that they are finished on time; and
- (5) plan for a smooth transition to the regular program.

USAID/FFD held discussions with the headquarters offices of the agencies before the Team departed and there was agreement to hold a workshop in Puno in the near future to develop, or establish the basis for developing the plan of work described above. (NOTE: The workshop was held October 29-30, 1984.)

### 3. Disaster Relief, Rehabilitation, and Reconstruction Project

#### a. Project Selection

Project selection generally has been good. USAID has been very conscientious about ensuring that implementing agencies do not include activities for rehabilitation whose damage or deterioration was not a result of the El Nino phenomenon. There are a number of activities in the south that are designed to help recapitalize the peasants. Because of the degree of decapitalization, the Team urged the USAID to seek additional ways to speed up the recapitalization process.

USAID generally has had little to say about the choice of projects, other than to refuse to fund activities that did not seem appropriate. USAID is funding activities in 15 of the 17 departments that the GOP has decreed disaster-affected departments. This is likely to continue in 1985 because the Government has already submitted the 1985 budget to the legislature and would be reluctant to change it now. It is unfortunate that USAID and INADE did not adjust the budget so that the Peruvian bond revenues would fund some CORDEs in their entirety and USAID would fund others. This would have eased the management burden in the CORDEs as well as for INADE and USAID.

RECOMMENDATION NO. Peru-1: USAID should ensure that the number of departments in which it operates is substantially reduced in 1986 and try to reduce the number in

1985 if there is an opportunity for a budgetary adjustment.

(USAID response to Recommendation No. 1 was provided in Quito 12735 of 10/30/84: "In 1986, USAID plans to operate in as few departments as is necessary to complete works previously initiated. USAID is presently working with INADE to investigate possible mechanisms for adjusting the 1985 budget. It should be noted that it was necessary to work in 15 departments due to the nature of the disaster and the breadth of Peru's response. As described in the PP, the Mission Program was designed to support the GOP's disaster plan as developed by the National Planning Institute and the Departmental Development Corporations. This was a national plan and the Mission's intent was to be responsive on an as-needed basis throughout the disaster area. While USAID at this time cannot reduce the number of departments in which the GOP has asked it to operate (unless the GOP has other funds to finance ongoing or new activities in departments where AID would no longer operate), we are looking at ways to prioritize and focus USAID activities in fewer departments. The report should also note that the DRRR project purpose is to help Peru establish a permanent institutional infrastructure capable of responding effectively to this and future disasters. USAID feels that the provision of technical assistance to 15 CORDEs, including administrative and financial management support, is an integral step towards fulfillment of the project purpose. Indeed, most departments have not only adjusted to working with AID, but have also made significant improvements in their systems of project planning, supervision, administration, and reporting as a result of the DRRR program.")

RECOMMENDATION NO. Peru-2: USAID should suggest to INADE that the two organizations hold joint program reviews in some of the most important CORDEs to affect the structure of the 1985 program and provide guidance to the CORDEs so that the latter will be able to present acceptable proposals for new subproject components for approval much earlier in the year.

(USAID response in Quito 12735: "USAID concurs. Mission, jointly with INADE, recently held meetings with all 15 CORDEs, at which the 1985 program was the primary topic. USAID requested that 1985 subproject proposals be presented by end of November. DRR field advisors and INADE regional coordinators are working with CORDEs to help them fulfill this request.")

The Team suggests that even greater priority be given to irrigation and river defenses, housing sites and services, and feeder roads and bridges in the north (currently 80 percent of activities) and to irrigated pasture and crops, seed supply and multiplication, revolving loan funds and other activities geared to family recapitalization, and the provision of technical assistance, especially for small-scale irrigation, in the south (currently 70 percent of activities.)

b. Project Approval

USAID has been giving each subproject a rather intensive review, requiring detailed plans for all components, some of which are rather small. This, coupled with the time it takes to process a Project Implementation Letter through the Mission (three to four weeks), has caused considerable delay in getting some of the programs underway in the CORDEs. The worst is probably over, however, because the CORDEs now have consulting firms at their disposal for design work (and project supervision), and they also have a better understanding of USAID requirements. Nevertheless, the Team made some suggestions to the USAID for streamlining the approval process:

- 1) Increase delegations where feasible so that more correspondence can be signed off at the office director level or by the DRR Chief.
- 2) Discontinue the practice of requiring USAID approval of INADE's use of the Title II local currency revolving fund that INADE uses to advance funds to a CORDE pending approval of a subproject by USAID (if USAID does not approve the project, INADE could convert it to a Title II or Title I local currency project); and

- 3) Require a budget from each CORDE in late December or early January for the amounts needed to complete subprojects approved in 1984 and then process one Implementation Letter for each CORDE, or possibly even a group of CORDEs if needed information is available.

(USAID response in Lima 12735 of 10/30/84: "The Project Paper discussed AID's diminishing involvement over time in project review and approval. Based on the Team's suggestions and INADE's track record to date, an implementation letter has been issued which establishes a streamlined subproject review and approval system and proposal format to allow 1985 projects, especially those which are continuations from 1984, to be quickly and efficiently approved by AID. Also see response to Recommendation No. 1.")

c. Project Implementation

Implementation got off to a slow start for reasons previously cited. However, it is expected to speed up considerably during the latter part of the year as the consultants provided for each CORDE become fully operational and the release of funds by USAID accelerates. A shortage of vehicles is still a problem in the CORDEs and USAID should ensure that INADE gives procurement of vehicles highest priority when the Title I funds become available. (NOTE: USAID advised in Lima 12735 of 10/30/84 that INADE was in the process of purchasing about 55 vehicles.)

The Team gave some suggestions to the DRR office for simplifying and streamlining their internal controls for ensuring that plans, certifications regarding plans, or bid documents and contracts requiring USAID approval have been received prior to the advance of USAID funds. (NOTE: USAID advised in Lima 12735 of 10/30/84 that the Team's suggestions were immediately implemented. The Mission has gone further and provided INADE and the CORDEs with summary sheets which specify all documents pending AID approval.)

The present system of providing advances calls for the CORDEs to request advances, indicating the amount needed by month for the following three months, with the advances to be liquidated by the subsequent submission of "no-pay" vouchers. This system has not been working well because of the

various "holds" on project components, plus the backlog in the Controller's office. It will probably be desirable to maintain this system for the rest of the calendar year to minimize the risk of further delaying project implementation. However, it should be possible to put in place a better system in 1985.

RECOMMENDATION NO. Peru-3: USAID should consider changing its system of providing advances in 1985, to provide an original advance of 30 percent of the estimated 1985 budget for all approved subprojects and/or approved components of partially approved subprojects, and then recover the advance by deducting 30 percent of each liquidation voucher.

This procedure is being used in Ecuador and seems to be functioning well. This system keeps the pressure on the CORDE to submit its liquidation vouchers to avoid a liquidity crunch. At the same time, it means that USAID only processes one advance for a project and hopefully only one for each CORDE. If any CORDE should have a liquidity crunch, INADE could advance it funds from the Title II revolving fund.

(Mission response in Lima 12735 of 10/30/84: "Mission maintains that this recommendation is contrary to AID cash management policy and would have an exceptionally negative impact on project results in Peru. If the recommendation were followed, approximately U.S. dollars 9 million would be disbursed early in 1985. As soon as these dollars are put into local currency, they will begin to devalue at a rate of 7 to 10 percent per month. Given the ever-present possibility of implementation delays, it is conceivable that approximately three million dollars of purchasing power could be lost through devaluation. Peru Mission policy will therefore continue to provide only monthly advances to cover thirty-day cash needs.")

(Further comment by Assessment Team: The Team understands AID cash management policy to be to advance no more than necessary to assure efficient project implementation. As viewed by the Team, the USAID system was not assuring efficient project implementation; furthermore, it was creating an

extremely heavy workload on the CORDEs, DRR, and Controller offices and funds were not getting out on time. The system adopted should take into account the peculiarities of the country situation, i.e., the large number of activities, the geographic spread of the program, and the number of GOP organizations involved. Perhaps a smaller advance would be sufficient, but the concept of only one advance and then processing discounted reimbursement vouchers would clearly reduce the workload of the CORDEs, INADE, DRR, and the Controller's offices. The Team urges the USAID to explore other alternatives to the present system.)

In July 1984, INADE sponsored three regional meetings with CORDE management and financial personnel to facilitate communication on the procedures to be followed for AID-funded activities and to seek greater cooperation from the CORDEs. This appears generally to have been successful. One of the requests from the field was for more written guidance from INADE. The Team supports the field recommendation and urges USAID to follow up with INADE to provide any assistance that may be needed. Perhaps a joint task force might be an efficient and effective way to move on this.

(USAID response in Lima 12735 of 10/30/84 to the previous paragraph: "As a result of a series of AID-INADE meetings, INADE has agreed to provide more written guidance on specific problem areas identified during the regional meetings with CORDE representatives. AID is also providing more written guidance in the form of implementation letters which clarify contracting procedures, financial procedures, and the 1985 subproject approval process.")

The USAID requirement that all liquidation vouchers be accompanied by the original receipts is creating problems for the accounting departments of the CORDEs and will constitute a crushing burden on the DRR office and the Controller's Office if it continues. Only 16 liquidation vouchers were submitted in the May-August period, but this created a tremendous burden on the DRR office which had to divert two recently hired financial analysts to a review of the documentation to assist the Controller's Office which was unable to cope with the deluge of paper. However, this was only the tip of the iceberg. The size of each liquidation voucher will grow because only 24 out of 86 subprojects have been covered by liquidation vouchers, only 71 of the

464 components. At least 15 vouchers a month with a pile of documentation several feet high per voucher can be anticipated.

The Team recommended the immediate termination of this requirement and provided a plan for moving to a new system which would: provide better guidance to the CORDEs on what expenses are allowable, drawing on the review experience to date; increase the on-site review of vouchers and accounting systems; and provide training where needed.\* When the new system is in place and functioning properly, and the new system for advances is established, the DRR office should be able to reduce its involvement in financial matters. Some of its financial personnel could be transferred to the Controller's Office to strengthen it.

d. Project Monitoring

USAID relies heavily on the six USAID contractors in the field to keep INADE and USAID informed about the progress of implementation of the DRRR project and to alert them of problems. Three of the contractors have responsibility for more than one department, so 11 of the 15 departments in which AID funds are expended have reasonably close monitoring. The Team felt that it would be desirable to increase the coverage in the other four departments, if feasible. At this late date, it is not desirable to contract additional U.S. citizens, unless they could be recruited in-country. It might be feasible, however, to increase the geographic coverage of one or two of the officers and provide them with a Peruvian assistant or two. Another option might be to hire one or two additional Peruvians to work out of Lima, traveling initially with USAID or INADE staff members to accelerate their orientation. (NOTE: The USAID advised in Lima 12735 of 10/30/84 that DRR is planning more visits to the other departments. The suggestion to hire additional Peruvian staff was under consideration.)

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\* The USAID advised in Lima 12735 of 10/30/84 that the Team's recommendation has been extremely useful and that an implementation letter based on the Team's recommendation was in the process of being issued.

Additional monitoring and staff support is provided through field visits of the DRR office staff, the USAID engineering staff, members of the Office of Rural Development, a contract Environmental Specialist, and a contract Irrigation Engineer headquartered in Arequipa and working in the southern departments. Recently the Rural Development Office has contracted two additional Peruvian specialists to support the DRRR project. The Team suggested that the trip reports of the Environmental Specialist should be translated into Spanish and made available to INADE and the appropriate CORDEs. (NOTE: The Mission is implementing this suggestion per Lima 12735 of 10/30/84.) It is important also to ensure close coordination between the two new agriculture experts and the special micro-regional group in INADE which provides technical assistance to, and monitors the programs of, the Departments of Puno, Cuzco, and Cajamarca.

The INADE and DRR office staffs are in frequent contact, facilitated by the contract coordinator of the field advisors whose office is in INADE. Higher level meetings are also held on an as needed basis. The meetings generally focus on problem resolution. The Team suggested that INADE and AID should also plan a joint session, perhaps monthly, in which the purpose would be to review progress, plan ahead (attempt to anticipate and avoid problems, rather than just reacting to them), to establish management priorities, and coordinate and schedule field trips. To facilitate follow-up, a record should be made of decisions taken and assignments made. (NOTE: Lima 12735 of 10/30/84 states that DRR accepts the Team suggestion.)

Both financial and physical progress reporting requirements have been levied on the CORDEs. Both INADE and USAID have plans to automate the data received from the field. The Team concurs in the utility of both organizations having a data processing capability, but cautions that it will take considerable effort and time before a usable system can be created. The Team also believes that increased priority should be assigned to strengthening the capability of the CORDEs to utilize the computers that some of them already have, but which they do not know how to use and for which they do not have trained programmers or operators. USAID and INADE can work concurrently to improve their own monitoring capability, but the highest priority need is within the CORDEs. The CORDEs urgently need vehicles, systems design help,

and training in computer operation. (USAID comment: DRR is collaborating with the USAID-supported IRD project to increase the capability of the CORDEs to utilize the computers which some already have.)

The Project Agreement provides for INADE to submit a quarterly progress report to USAID. To date, INADE has not submitted any reports. Given the reporting from the CORDEs that is available to USAID and the frequent meetings with INADE, the reporting requirement need not be burdensome. The Team suggested that USAID and INADE meet and discuss a possible format and outline for the report. The Team suggested more emphasis on reporting of problems encountered and actions taken to resolve them than on trying to summarize the large volume of not too meaningful data received from the CORDEs on physical progress. The physical progress data are not yet very meaningful because there are so many components in the subprojects and many have not yet entered the implementation stage. The Team suggested that INADE and USAID might want to request some special reports from the CORDEs which would focus on the status of preparation of designs, of contracting, of initiating new works, terminating works, etc.

e. Evaluation

INADE prepared one report for January-March 1984 which covered one geographical region and was called an evaluation report. INADE also had plans to develop an evaluation plan, but the officer assigned the task had not had time to start on it. The Team suggested that the large number of activities included in the project and the geographical coverage of the project made it unreasonable to plan a single overall evaluation. It was suggested, instead, that INADE and USAID plan jointly to initiate evaluation activities by early 1985, using in-house personnel if possible, supplemented by local contract personnel.

Some evaluations might focus on a functional activity; e.g., electric power in the north, irrigation in the highlands. Some might focus on a department or a region of two or three departments. The Team's suggestions include: (a) Piura in the north, which has had the highest budget and the fastest rate of implementation; and (b) Puno in the south, with the emphasis

on determining the relative importance of different programs to recapitalize rural families. An important element in all evaluations should be to identify what group or organization will have responsibility for the maintenance of any physical infrastructure constructed as part of an activity and to determine if the group or organization has accepted its responsibility.

Action should be continued to build a data base with which to evaluate the impact of the project; e.g., the number of people affected by each project by economic and social strata and how they were affected (housing, employment, restored services, productive capability, etc.). The Team believes the gathering of such information and the computerization of this data should be given higher priority than the computerization of the physical progress data. Field visits are most effective for monitoring physical progress, and they provide a means to verify the data being assembled in order to measure the impact of the project.

(USAID reported in Lima 12635 of 10/30/84 that joint meetings have been held to develop a project impact format appropriate for the needs of both AID and INADE. The questionnaire is designed to be filled out upon subproject or component completion and to provide impacts in uniform, concrete terms suitable for computerization. The draft is now being field tested.)

#### 4. Housing Investment Guaranty

The HIG Program was an especially useful component of the disaster recovery program in the north where many had been made homeless. The Team found that some of the more generous lending provisions established because of the emergency had been terminated in the Department of Tumbes. The Team felt that the use of HIG funds could decline significantly. However, the housing officer was planning to review with GOP institutions loan terms and other possible incentives to increasing the utilization of the program by lower income families seriously affected by the floods.

## Annex A

### ARTICLE I - TITLE

Andean Disaster Reconstruction Activities - Management Assessment

### BACKGROUND

During early 1983, unusual weather patterns in the South Pacific Ocean (popularly called "El Nino") resulted in drastic changes in the normal patterns of currents, wind and rainfall along the entire coast of the Americas. The effects were particularly severe in the Andean countries of Bolivia, Ecuador and Peru. Coastal regions received unprecedented amounts of rainfall, while certain inland high-altitude areas experienced drought.

This freak weather pattern had severe impacts on the rural and urban areas of the three countries, each of which was already in severe economic difficulties. Major agricultural areas were flooded for weeks, land and mudslides cut off entire regions from transportation, and urban housing, especially in slum areas, was washed away. In the drought-stricken regions, crops and livestock died as water for human and animal consumption disappeared. Water supply and sanitation systems were destroyed. This forced already-marginal families and communities either to endure the attendant health and hunger problems, or to migrate to other areas of the country.

The Agency for International Development, along with the countries' governments and numerous international donor organizations, responded with immediate relief (food, clothing, medicines) and a number of programs for reconstruction and rehabilitation of the damaged infrastructure, devastated agricultural areas, and affected urban settlements. While each country program is different as to emphasis and details, the purposes and major components are similar. Special allocations of PL 480 food resources were made (under all 3 Titles); disaster assistance funds (loan and grant) were authorized for commodities, technical assistance/training, and construction.

### ARTICLE II - OBJECTIVE

The purpose of this review is to assess the planning and implementation of the disaster response in each country, in order to provide the responsible missions and host governments with suggestions for effective management and timely completion of the projects.

Within this purpose, specific objectives are to:

1. Establish to what extent the missions have been able to achieve a balance between sound resource management under AID and host country regulations on one hand, and the pressing needs for fast action and disbursement on the other.
2. Assess the effectiveness of the organizational and institutional arrangements (in USAIDs, counterpart agencies, and technical assistance teams) for managing the disaster response.
3. Assess the extent to which the projects' resources are reaching the intended beneficiaries, or others who may have been identified since the time when the projects were originally planned.
4. Provide suggestions to the USAIDs for improved programming of their disaster rehabilitation/reconstruction portfolio, and advise them regarding the agenda for future evaluations.
5. Provide AID with recommendations (lessons learned) for improving the planning and implementation of future large scale disaster.
6. Provide USAIDs with guidance in developing their future evaluation agendas and plans. (See Annex 1.)

### ARTICLE III - STATEMENT OF WORK

In order to accomplish the stated purpose and objectives, the Contractor will be expected to conduct a number of interrelated activities.

The items that appear in the following list are illustrative of the matters that frequently deserve attention in the management of disaster rehabilitation projects, based on studies of AID's activities in recent years. To a considerable extent, the evaluation agenda will have to be adjusted country by country, in coordination with each USAID. The adjustments will account for the differing overall approach taken in each country, the program components in each place, and the particular concerns and needs of the project managers. The team will focus principally on those activities funded as disaster rehabilitation and reconstruction, rather than on the immediate relief efforts funded by the Office of Foreign Disaster Relief.

The areas of inquiry are presented in two categories: (A) cross-cutting questions of efficiency and effectiveness, and

(B) component-specific questions. The inquiry should allow not only for identification of problems, but also for discovery of successful practices or outcomes that might be transferred among countries.

A. Cross-cutting Areas of Inquiry (all countries, components as appropriate)

1. Institutional/organizational

- a. Clarity of project objectives, roles and responsibilities among the major organizations involved (USAID, technical assistance teams, and implementing agencies).
- b. Degrees of conflict or cooperation among implementing and funding agencies (USG-HG, Public-private, local-national).
- c. Degree of centralization/decentralization of authority, responsibility, decision-making, operations, among the various organizations involved, and within each of the major entities.
- d. Degree and ways that central government policies, procedures, capacity, and host country politics have helped or hindered project operations.
- e. Existence and quality of feedback mechanisms from the field (beneficiaries) to decision-making levels.
- f. Effectiveness and efficiency of data collection, reporting, and utility of data and reports for purposes of management, operations, monitoring, and evaluation.
- g. Magnitude of disaster project management requirements on USAID in relation to other time demands.
- h. Self-assessment of USAID staff of their degree of preparation and skills for disaster response management, and how such needs might be met.

Financial

- a. Adequacy and efficiency of disbursement/reimbursement procedures, any innovative practices being used.
- b. Accounting/reporting procedures being used.
- c. Auditing systems in place.

3. Operational

- a. Efficiency/effectiveness of subproject identification, review, and approval procedures.
  - b. Technical assistance appropriateness - skills brought and applied, number of persons, timing of arrival and length of assignment.
  - c. Efficiency/system for customs clearances, transport, storage, inventories of commodities.
  - d. Supply/procurement procedures, sources being used.
  - e. Practices used to telescope steps normally taken sequentially, in the interests of efficiency.
4. Targeting of Assistance (planning, operations, end-use monitoring)
- a. Initial needs assessment - How conducted, by whom, how AID participation and level of assistance was determined.
  - b. Criteria used to target assistance - geographic, demographic, size of groups intended to be assisted.
  - c. Extent to which areas of greatest need are being reached, giving consideration to what the host government or others have done without AID participation.
  - d. Degree to which services or resources will continue to be an appropriate response, given rate at which they are being provided.
  - e. Whether new areas of need have been identified since planning - flexibility of response.
  - f. Whether resources being limited to disaster-related needs, or moving into other development activities that may have a marginal connection with the disaster.
  - g. Extent to which commodities are being used by intended beneficiaries, or by others not intended to be assisted.

## Component-specific Inquires

This section identifies particular concerns under the kinds of activities planned in the Andean projects. In brackets each item is linked to one of the generic categories preceding: (Op) = Operations, (I/O) = Institutional/organizational, (Targ) = planning/targeting.

1. Food Import/distribution (Peru, Bolivia)
  - a. Amounts called forward/received/distributed (Op)
  - b. Efficiency/effectiveness of distribution system (Op)
  - c. Storage provisions/condition of commodities (Op)
  - d. Identification of primary recipients/monitoring of end-use (Targ)
  - e. Effect on food prices and availability (real/perceived) (Targ)
  - f. Uses of local currencies generated by sales programs. (Targ)
  - g. Linkages if any to prior or future development projects. (Targ)
  - h. Perceptions of nature of program (handout, temporary or permanent, supplemental or substitute) (I/O)
  - i. Degree of cooperation/coordination among USAID, government agencies, and private entities. (I/O)
2. Agricultural commodity imports (All countries)
  - a. Timeliness of delivery to users (Op)
  - b. Price/profit effects (Op)
  - c. Accounting for amounts ordered, shipped, received, distributed (Op)
  - d. End-use - intended beneficiaries receiving? (Targ)
3. Agricultural credit or revolving funds activity (Ecuador, Peru)
  - a. Extend to which intended crops (rice, soybeans, corn, potatoes) and farmers are benefiting. (Targ)

- b. Loan process: criteria, rapidity, administration, repayment record, etc. (Op)
4. Housing rehabilitation/construction (Ecuador, Peru)
- a. Production rate compared to expectations/normal rates in country (Op)
  - b. Effectiveness of method being used (assisted self-help or contractor) (Op)
  - c. Coverage of need - who's receiving in relation to needs (Targ)
  - d. Nature of involvement and effectiveness of national agencies (T/O)
  - e. Role of building codes - changed? ignored? interfering? non-problem? (T/O)
  - f. Role of local authorities, levels of authority, responsibility (I/O)
5. Road repairs/reconstruction (Bolivia, Peru)
- a. Effectiveness of methods being used - contractor, community labor, direct administration (I/O)
  - b. Differences in achievement/completion rates, quality of product, expectations regarding maintenance (Op)
  - c. Equipment/materials arrangements - appropriate sufficient (Op)
6. Soil conservation/earthworks/irrigation (all countries)
- a. Adequacy of design (Op)
  - b. Production efficiency (Op)
  - c. Equipment procurement/management/maintenance (Op)
  - d. Participation/involvement of local groups (I/O)
  - e. Beneficiaries the ones intended? (Targ)
- Other infrastructure (public buildings, water/sewer) All countries
- a. Tools, equipment supply, procurement efficiency (Op)

- b. Rate of production compared to expectations (Op)
- c. Location, beneficiaries - actual versus planned (Targ)
- 8. Electrical systems (Ecuador, Peru)  
As in No. 7.
- 9. Business lending (Peru)
  - a. Who is being served - only disaster-affected enterprises? (Targ)
  - b. What sectors mainly receiving (production or services)? (Targ)
  - c. Loan criteria/administration - efficient? (Op)
- 10. Pharmaceuticals distribution (Bolivia, Peru)
  - a. Efficiency of system - public/private sector differences (Op, I/O)
  - b. Cost/price/profit considerations (Op)
  - c. Actual versus intended recipients (Targ)

#### ARTICLE IV - REPORTS

The assessment team is expected to report as follows:

1. Summary country assessment plan is to be developed with each Mission before field work starts, recording the understandings reached among the team, the Mission, and Host Government officials about the coverage of the evaluation work in that country, and the plan for accomplishing it.
2. An oral de-briefing will be provided to each Mission at the end of the team's country visit, covering:
  - a. Findings
  - b. Suggestions for action (immediate, medium-range)
  - c. Evaluation issues for the future
3. Draft report on the above shall be prepared within a week of team's return to Washington, and sent to USAIDs for review and comment. Ten (10) copies will be delivered. Missions

will be asked to complete their reviews and respond with comments by cable within two weeks of receiving the draft.

Final report (including an executive summary) will then be prepared and ready for print within two weeks of receiving the Mission comments. Thirty (30) copies of this report will be delivered to Douglas Chiriboga in AID/W LAC/DR. Any translations of report or summary will be Mission responsibilities.

ORGANIZATIONS CONTACTED BY MANAGEMENT ASSESSMENT TEAM IN ECUADOR

BEDE - Banco Ecuatoriano de Desarrollo

BEV - Banco Ecuatoriano de Vivienda

BNF - Banco Nacional de Fomento

Catholic Relief Services

CONADE - Consejo Nacional de Desarrollo

CICP - Consortium for International Crop Protection

DINACE - Dirección Nacional de Construcciones Escolares

EMA/Q - Empresa Municipal de Acantarillado de Quito

EMPROVIT - Empresa Nacional de Productos Vitales of the Ministry  
of Agriculture

INECEL - Instituto Ecuatoriano de Electrificación

IEOS - Instituto Ecuatoriano de Obras Sanitarias

INERHI - Ecuadorian Institute of Hydraulic Resources

Municipality of Quito

ORGANIZATIONS CONTACTED BY MANAGEMENT ASSESSMENT TEAM IN BOLIVIA

Canadian International Development Agency (CIDA)

Caritas

Catholic Relief Services

Cooperative for American Relief Everywhere (CARE)

Defensa Civil

Empresa Nacional de Arroz (ENA)

Federacion Nacional de Cooperativas de Ahorro y Credito (FENACRE)

FIDES

Fondo Integral de Comercializacion Agropecuario (FINCA)

Instituto Boliviano de Tecnologia Agropecuario (IBTA)

International Plant Protection Center (IPPC)

Ministerio de Asuntos Campesinos y Agricultura (MACA)

Ministerio de Salud

Oficina de Asistencia Social Adventista (OFASA)

Oficina Nacional de Asistencia Alimentario (OFINAAL)

PL 480 Title III Secretariat

Project Concern/Ministry of Health

Rural Development Services

Servicio Nacional de Caminos (SNC)

Servicio Nacional de Desarrollo Comunal (SNDC)

Seventh Day Adventists World Service (SAWS)

United Nations Development Programme (UNDP)

World Food Programme (WFP/PMA) of UN/FAO

ORGANIZATIONS CONTACTED BY MANAGEMENT ASSESSMENT TEAM IN PERU

CARE

Caritas

Catholic Relief Services (CRS)

Centro Forestal (CEN-FOR) of the Ministry of Agriculture

Church World Service (CWS)

Corporación de Desarrollo (CORDE) de:

Puno

Cuzco

Arequipa

Moquegua

Tumbes

Piura

Lambayeque

Empresa Nacional de Comercialización Interna (ENCI)

Instituto Nacional de Desarrollo (INADE)

Puno

Cuzco

Arequipa

Tacna and Moquegua

Tumbes

Piura

Lambayeque

Obra Filantrópica y Asistencia Social Adventista (OFASA)

Oficina Nacional de Apoyo Alimentario (ONAA)

Region Agraria (RA) del Ministerio de Agricultura en Puno

Servicio Evangélico para la Promoción de Acción Social (SEPAS)

Seventh-day Adventist World Service (SAWS)

Universidad Técnica del Altiplano - Central de Desarrollo Rural

World Food Programme (UN/FAO)