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COOPERATION FOR PROGRESS

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The United States, in the Act of Bogotá of September 11, 1960, and in the Charter of Punta del Este of August 17, 1961, pledged to cooperate with her neighbors in Latin America in their efforts to accelerate economic growth and social development.

This pamphlet surveys briefly how the United States and Peru are cooperating in this common effort — the Alliance for Progress. It discusses the organization of the U.S. aid mission its objectives and work methods, and the projects and programs in which it is working with Peruvian institutions. There also will be found a complete list of the loans for development purposes which have been made to Peru by U.S. and international lending agencies since 1960. A Summary of the U.S. funds provided for technical assistance and the Food for Peace Program is also included.

COOPERATION FOR PROGRESS



HOW THE UNITED STATES IS WORKING WITH PERU TO ACHIEVE THE GOALS OF THE ALLIANCE FOR PROGRESS

WHAT IS AID?

The Agency for International Development (AID) is the principal United States agency for providing aid to the developing nations. In Peru, it is represented by the United States Economic Mission, and is known as USAID or AID.

In cooperation with Peruvian public and private agencies, AID in Peru has evolved a comprehensive program in support of the country's efforts for economic development and reform. The Mission's programs of loans and related technical assistance have been concentrated in the areas of highest priority as determined by Peru's own progress.

In summary, the program is aimed at increasing Peru's national product through increased investment in agriculture and industry. In support of this objective is a program of development of Peru's transportation network, as well as technical and professional education to provide the skills for agricultural and industrial growth. Also related are programs for the development of human resources and social overhead needs. To tie all these things together are programs for economic planning, better public administration and improved tax systems in order to insure that Peru mobilizes and makes the most efficient use of her own resources for development.

AID provides both technical assistance and, in cases where financing cannot be obtained from normal sources of credit, long-term, low-interest credits to finance worthy development projects.

The Mission employs directly a small technical staff to plan, supervise, coordinate and evaluate AID operations. Most of the technical experts in specialized fields are made available through contracts with well-known specialized institutions and agencies, such as universities and research institutes.

The AID Mission in Peru and cooperating Peruvian agencies now are using, under contracts paid by AID, the technical services of a score of U.S. institutions, both public and private. They include:

North Carolina State University, for work in agricultural extension, research and education.

Iowa State Universities, economic research and planning in agriculture.

Stanford University, for management education.

Columbia University Teachers' College, for public education.

New York Institute of Public Administration, for work in that field.

Stanford Research Institute, for industrial development.

American Institute for Free Labor Development (AFL-CIO) for labor training.

National League of Insured Savings Associations, for development of the savings-and-loan system in Peru.

The Foundation for Cooperative Housing and the Credit Union National Association, for work in those fields.

Collett & Clapp, in customs administration.

University of Michigan Household Survey Mission for work in that field.

Various specialized agencies of the United States Government also lend technical experts to work with Peruvian institutions. These agencies include the United States Bureau of Public Roads, the Federal Aviation Agency, Internal Revenue Service, Inter-American Geodetic Survey, and the U.S. Geological Survey.

MOBILIZING RESOURCES

Peru is taking action to bring her own resources to bear more effectively on the task of development — to plan, finance and administer programs that contribute to economic and social improvement. This is being done through attention to economic plan-

ning, improvements in customs and tax administration, and the development of better public administration.

In accordance with the Charter of Punta del Este, Peru is preparing a long-range economic-development plan. It is being drawn by the National Planning Institute (Instituto Nacional de Planificación), formed in November, 1962, and will be submitted to the Committee of Experts, "The Nine Wise Men," of the Organization of American States (OAS).

A Peruvian Investment program for 1964-65 has been approved by the OAS committee of Experts. President Belaunde told OAS representatives that the success of the two year plan would permit the preparation of a longer range, five year plan, to cover the years 1966 to 1970. Providing assistance to the Institute is a Tripartite Mission composed of consultants from the OAS, the Economic Commission for Latin America and the Interamerican Development Bank. AID also assists the Institute by providing specialized consultants, participating in training seminars and aiding with local studies.

AID also has provided a US\$3 million loan to finance engineering and economic feasibility studies of potential development projects. The Institute now is contracting engineering firms to carry out studies of power, irrigation, and other projects in all parts of the country. In all, eleven contracts for feasibility studies made possible through the AID loan have been recently signed. These studies will provide a sound basis for financing and executing works of great potential importance to millions of Peruvians.

NATURAL RESOURCES EVALUATION

A dependency of the Planning Institute is the Office of Natural Resources Evaluation and Regional Development. Its function is to carry out investigations of natural resources on a national scale as well as smaller-scale surveys in specific areas. These include analyses of water resources, forests, minerals, agricultural resources, etc. To provide technical assistance to this agency, AID is financing contracts with the Inter-American Geodetic Survey and, as necessary, other consulting organizations.

A sizeable AID loan is under study for a program of Inventory and Evaluation of Physical Resources in Peru. This program will take five years and result in basic natural resources information and its evaluation for about 348,000 square kilometers in the areas of Puno, Cuzco, Lima-Huancayo and the Middle Huallaga. This inventory will represent a necessary preliminary step in any national plan to select small projects for detailed scientific, engineering or resources studies, regional development, agrarian reform, land colonization and land taxation. In addition to AID loan funds, the government of Peru is expected to budget several million dollars over the next five years to assure the success of this first attempt in Latin America and the world to realize a natural resources inventory of such magnitude.

PUBLIC ADMINISTRATION

To carry an effective program of economic development, Peru has agreed that a broad program for the improvement and reform of public administration is needed. Peru has established an Institute of Public Administration to improve the efficiency of government machinery. The Institute is undertaking a broad training program for middle and higher level government personnel, particularly those concerned with planning or carrying out development projects.

In September, 1964, a basic course in public administration was inaugurated in Lima by the National Office of Public Administration Training, with the support of the New York Institute of Public Administration. This Institute, one of the oldest U.S. organizations in this field operates under a contract financed by AID. The five months course is one of a series designed for young public employees who may hold responsible positions in public administration in the future. Members of the New York Mission will be professors in this course, teaching subjects such as: constitutional and administrative law, administrative ethics and morals, public finance, statistics applied to administration and others.

Another key area of the program of the Peruvian Institute of Public Administration is to study and advise on ways to improve the organization and efficiency of public agencies. The New York Institute of Public Administration will also assist Peru's effort in this field. This mission provides technical and organizational support to the Peruvian Institute.

Closely allied to the planning and administration of the nation's efforts for development is the question of mobilizing the resources needed to finance projects in the public sector. At the request of the Government of Peru, AID is providing assistance in improving tax systems and administration. A



John Lawton, an expert in Public Administration employed by AID, stayed in Peru for almost ten years teaching and advising Peruvians in this field. His work has given fruitful results.

group of experts of the United States Internal Revenue Service, under a contract with AID, are working with the Ministry of Finance on various programs to improve organization and methods of tax collection. Similarly, AID is providing the customs administration with the service of advisors from the private firm of Collett & Clapp, which is well known in the field of customs. The complicated customs operations at Lima-Callao Airport have been greatly streamlined and modernized through the efforts of this group and their Peruvian counterparts. Improvements in customs administration at other locations are also under way.

SOUTHERN PERU REGIONAL DEVELOPMENT

Many of Peru's economic and social problems are most acute in the eight Departments of Southern Peru, where about one third of the nation's population lives. Among these problems are the growing pressures of population on the land, migration to the cities, and the relative stagnation in economic growth



Wool production in Southern Peru is increasing considerably through the advisory work of AID contract teams such as the Stanford Research Institute and the Universities of Iowa and North Carolina. The Peace Corps also contributes to the industrial development of this over-populated, poverty-stricken area.

—both in the agricultural and industrial sectors— in an area in which per capita income already is well under the equivalent of US\$100 a year. This area is receiving considerable emphasis in the AID assistance program, and an effort is being made to direct to this region such projects as agricultural and industrial development, transportation and Food for Peace. Much progress has already been made in the fields of dairying, sheep raising, and food production. Latent possibilities of sheep improvement alone are startling, since animals which now produce from one to three pounds of poor quality wool per year will, under adequate control, produce six to ten pounds of good quality wool. An annual increase

of just half a pound of wool per sheep would result in a million dollars of new income for the inhabitants of the economically depressed Puno area. In another program, working closely with Peruvian Officials of SIPA, the Peruvian Agricultural Research and Development Service, North Carolina technicians have developed a special radio program dedicated to the educational instruction of the Puno farmers in new agricultural methods. The program, broadcast on Radio Onda Azul, run by the American Maryknoll Fathers, will deal with topics such as: livestock, crops, soils, family, gardens, home improvement, and others. Still another excellent example of how AID technicians are helping Peruvians achieve a more rapid development is taking place in the Arequipa milkshed. Here a young American dairy specialist, devised a new and inexpensive silo made from fiber mats, which enable dairymen to provide feed twelve months a year, thus giving a tremendous boost to milk production.

AID is also seeking to strengthen through technical assistance the department development corporations, semi-autonomous agencies chartered by the government to foment regional development. These corporations are operating at present in the Departments of Cuzco, Puno, Arequipa, Tacna and Ica. A series of eleven seminars on industrial development in Southern Peru has been initiated through the efforts of the Stanford Research Institute, on contract with AID. These seminars, carried out in cooperation with the departmental development corporation, will cover such subjects as: industrial promotion, marketing, productivity, handicrafts and small industry, and community development.

AGRICULTURAL DEVELOPMENT

Vital to the development of Peru is an increase in agricultural production. Although some 57 per cent of Peru's economically active population is

An increase in agricultural production is one of the most important objectives of the programs carried out by the Peruvian government with the financial and technical assistance of AID within the Alliance for Progress.



engaged in agriculture, this sector produces only about 28 per cent of the gross national product. The rate of increase in agricultural productivity is believed to be lagging behind the rate of population growth. Serious social unrest also is resulting from archaic and uneconomic systems of land tenure. To help Peru meet these problems, AID is providing assistance to programs of agrarian reform and development, colonization, agricultural credit, extension services and agricultural education. This assistance takes the form both of technical assistance to the Peruvian agencies working in these fields and major financial assistance for investment in agriculture.

The Government of Peru has put an agrarian reform and development program at the top of its list of priorities. Legislation has been approved for a broad program, and executive agencies are going forward with various programs for reform and development.

The Institute of Agrarian Reform and Promotion, established under the new Agrarian Reform Law by the present government, has the basic responsibility for directing the government's program in this field. Its principal executive agency is the National Agrarian Council made up of 15 members whose duty is to "carry out the programs of Agrarian Reform". It works through such operating agencies as the National Research and Extension Service (SIPA), the National Office of Agrarian Reform (ONRA), which will carry out the resolutions of the Agrarian Council, the Finance Corporation of the Agrarian Reform, and others. Working closely with the National Agrarian Council in implementing the Agrarian Reform Law is the recently constituted Technical Council which is made up of some fifty members and headed up by the Minister of Agriculture. This council will meet only once a year, and its function is to guide and orient the various agrarian reform agencies.

A clear indication of U.S. interest in this field was the participation by President Lyndon B. Johnson, in a ceremony at the White House May 11, in which he personally signed the authorization for AID's support for Peru's agrarian-reform program. AID is providing some US\$16,600,000 for a fund to finance the first phase of a five-year agricultural development program. The Export-Import Bank is providing another loan of US\$1,700,000, and Peru is contributing the equivalent of US\$8,900,000.

These funds will be used for a three-pronged program :

1) On the coast supervised credit and technical assistance will be provided for some 21,000 small and medium-sized farms, and projects will be undertaken in such fields as seed production, pest control, veterinary services, and others.

2) A similar program will provide agricultural credits to farms of small and medium size in zones in the sierra region where reform and colonization projects are being undertaken; colonization projects will affect some 8,000 families and 750,000 acres (300,000 hectares).

3) A forestation program will be carried out in the Pasco, Junín and Cuzco areas of the sierra. Part of the AID credit also will be used to increase the capital of the Agricultural Development Bank.

One of the areas in which new settlers are being aided is the Quiroz (San Lorenzo) Irrigation and Colonization Project in the northern Department of Piura. This 40,000-hectare (100,000 acres) project was financed by a World Bank loan of US\$18 million and loans of US\$12 million from the United States, as well as by local resources. Some 1,540 farms are being developed in the colonization area (about half already have been settled), with the majority under 40 hectares (100 acres). Settlers have 20 to 25 years to pay for their farms and are receiving technical, financial and social assistance to become established.

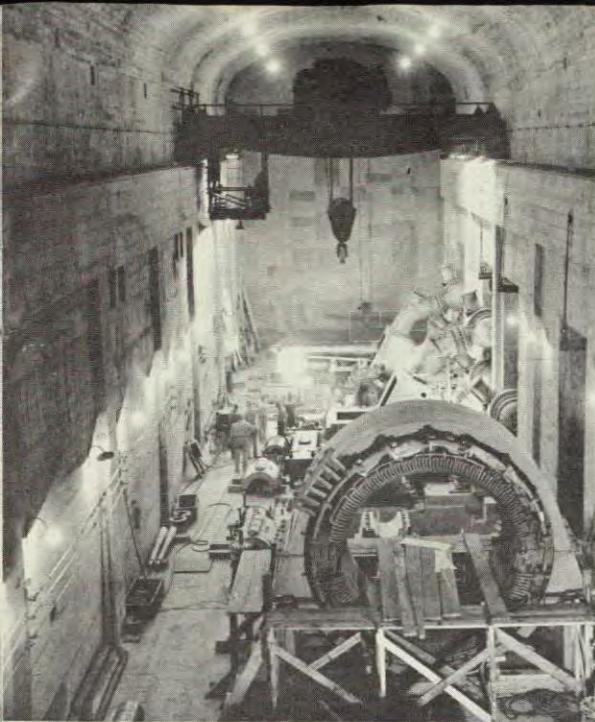
Other principal agrarian reform zones have been established in the coastal area near Chimbote, in the Central Sierra region, in the Valley of La Convención north of Cuzco, in the Huallaga and Apurímac River valleys, into which penetration roads are being constructed, and in other areas.

AID also is providing assistance through a contract with the Iowa State Universities, under which a technical mission is in Peru to provide advice to Peruvian agencies on such matters as resource appraisal and farm efficiency, property title and tenure forms, agricultural credit, marketing and cooperatives, and other aspects of agricultural economics and development.

Parallel to a program of reform of land-tenure practices and of colonization is the continuing development of strong institutions to help Peruvian agriculture increase production. Basic institutions in this field are the Research and Extension Service (SIPA) of the Ministry of Agriculture and the National Agrarian University at La Molina, near Lima. These agencies now cooperate closely in broad programs of agricultural research on crops, soils, livestock and other fields. Through its national network of extension offices, SIPA works to introduce technological change into Peruvian agriculture, in much the manner of the United States county-agent system. The Agricultural University, which rapidly is becoming one of the most prestigious in South America, is the country's chief source of trained agriculturalists, as well as being a center of research.

AID assistance to these two institutions is being provided through a contract with the North Carolina State University. The North Carolina Mission—with nearly 25 technicians the largest of the AID-supported missions in Peru—is providing technical assistance to SIPA and La Molina in research, curriculum development, extension services and other fields. Several North Carolina technicians are working in Southern Peru with field offices in Puno, Cuzco and Arequipa, seeking to improve and diversify agricultural production.

A principal capital project in this field is the major expansion program of the Agricultural University to allow an increase in enrollment from the present 800 to more than 2,000 students. AID and the Inter-american Development Bank, through the Social Progress Trust Fund, have lent US\$3,000,000 for the initial stages of the project. Another US\$4,500,000 has been earmarked toward the total cost of US\$ 8,700,000.



AID and the Exim Bank made loans of US\$8,900,000 for two important hydroelectric power projects which will add 70,000 kilowatts to the power capacity of Peru's growing northern coastal region. This photograph shows part of the installations at the Cañón del Pato plant.

INDUSTRIAL DEVELOPMENT

Economic development is a coin with two sides. One is agriculture, and the other industry. For the growth and ultimate prosperity of the country requires the development of industry as well as an increasingly productive agricultural sector.

Thus, industrial growth is a key target of Peru's development program, to create new jobs for the growing work force, to diversify and strengthen the economy, to utilize its natural resources more fully, to create new wealth for the benefit of all.

Since the birth of the Alliance for Progress, growing attention has been given by the partners of the Alliance to the vital importance of the private sector, and the contribution it can make through development of industry. It is widely recognized that the success of the Alliance—and thus of the hemisphere's program for development—depends on vigorous development of the private sector, aided by government encouragement, incentives and assistance and by public-sector investments in such vital facilities as roads, airports and industrial education.

In common with most developing countries, Peru has a characteristic shortage of the capital required for creating new private investment, a need for technical assistance in the area of industrial promotion, a relatively low rate of productivity, and a shortage of trained managers. Peru is taking steps to meet these problems, an effort in which AID is assisting.

ATTRACTING CAPITAL FOR PRIVATE INVESTMENT

In order to attract capital and increase investment in Peru, AID's industry division is working closely with the National Institute of Industrial Promotion and with private engineering and management consulting firms. AID helped prepare and sponsored a loan from the IDB to a private industrial promotion fund for new private ventures. It is encouraging the formation of additional new private investment banks and is prepared to consider investing seed capital in them. In addition, AID is helping to open channels in the United States with various banks, investment houses and private investors through which investment opportunities can be funneled as they are brought to light.

DEVELOPING NEW INDUSTRY

In order to promote industrial development in the private sector of Peru, especially emphasizing the depressed Sierra region, AID has entered into a contract with Stanford Research Institute, whose personnel work closely with the National Institute of Industrial Promotion and the Departmental (State) Development Corporations in Southern Peru. Stanford Research Institute's principal functions are as follows :

The development of diversified small industry, especially in Southern Peru has been a prime aim of AID technicians in this field.



- a) To identify and promote economic opportunities, especially in Southern Peru.
- b) To help develop the National Institute of Industrial Promotion and the Departmental (State) Corporations into effective institutions able to direct and coordinate a diversified and imaginative program of industrial development.
- c) To assist in making feasibility studies of promising opportunities for investment.
- d) To coordinate a national handicraft program
- e) To assist prospective investors in obtaining economic data.
- f) To further legislative and other reforms required to provide incentives and to improve the climate for new investment.
- g) To study the Peruvian economy in relation to foreign and domestic markets with a view to guiding investment into areas of maximum potential.

INCREASING PRODUCTIVITY

In order to increase productivity, AID has been working closely with the Peruvian National Productivity Center. The Center seeks to introduce modern methods of manufacture and marketing through research, demonstration and training programs.

In the past year, technological assistance has been provided in such areas as apparel, textiles, processing of foods, foundry, leather working, and others. In these areas trade associations have been formed to carry on the work of solving the productivity problems common to each sector, from raw-material sources to distributors of finished products.

DEVELOPING MANAGEMENT SKILLS

To ease the shortage of trained personnel for management positions, a Graduate School of Business Administration—the first of its kind in South America—was established in Lima in 1964. It is being supported by the Government of Peru and AID, with the cooperation of the principal universities of Lima and of private industry. Under a contract with AID, a team from the Stanford University Graduate School of Business Administration is serving as the school's faculty; it will be retired as Peruvian faculty members are trained. The first class of 50 students will be graduated in early 1965, and by 1968 the school is expected to provide graduate studies to 150 students a year. In addition to its regular courses, the school is currently conducting its third special program for the comprehensive development of business executives aimed at greater efficiency in specialized management functions within the framework of modern management science. The Stanford mission has received well earned praise from Peruvian colleagues and students for its valuable contribution in this key field.

A second approach to improving managerial skills has been undertaken through the Peruvian Management Association, an active and influential

organization seeking to propagate modern methods of business practice and broaden concepts of social responsibility among businessmen. AID supports the Association's program of management development by providing the services of U.S. industrial experts in such fields as management control and decision making, finance, industrial relations, marketing and others. The success of the Association's program is attested by its rapid growth; membership in Lima has doubled in the past two years and branches have been founded in other cities.

A third program in this area is the Regional Technical Aid Center Book Program, through which technical materials worth more than US\$75,000 have been given for use by Peruvian industry. This program will be greatly expanded in 1965.



Cooperation with Peruvian programs of industrial development include training business and industrial executives in the Graduate School for Business Administration (ESAN) supported by AID through a contract with the University of Stanford. Unique in Latin America, its outstanding study program has received well earned praise.

INVESTING IN INDUSTRY

An addition to these varied programs of assistance to industrial development, AID has made direct loans of US\$4,200,000 for two important hydroelectric power projects, which will add 70,000 kilowatts to the power capacity of Peru's growing northern coastal region. The two projects—the Santa Corporation's Cañón del Pato plant and Hidrandina's Pativilca facility—will encourage industrial growth in these zones. Only weeks after the agreement to build the latter, plans were announced for a multi-million dollar expansion program in the Paramonga industrial zone to utilize the power generated by the harnessing of the Pativilca River. The Interamerican Development Bank has extended credits totaling US\$7,500,000 to Peru's Industrial Bank to provide credit for small and me-



Robert E. Culbertson, AID Director for Peru, hands out a diploma to one of seventy graduate labor union leaders who recently completed a ten week course at the Peruvian Labor Studies Center (CELP). Over 1500 such union leaders have already benefited from this program, administered through the American Institute of Free Labor Development (AIFLD).

dium industry. The IDB also has made a US\$750,000 loan for similar purposes to a private industrial promotion firm, Peruinvest.

LABOR DEVELOPMENT

Peru's half million trade unionists obviously have a key role to play in the economic and social development of the country. AID is assisting the Peruvian Labor Studies Center, in cooperation with the Ministry of Labor and the Peruvian Confederation of Workers (CTP) through a contract with the American Institute for Free Labor Development (AFL/CIO). The objective of the center is to prepare trade-union leaders to direct their organizations democratically along lines of enlightened self-interest and to participate responsibly with government and industry in the country's development. About 300 trade unionists annually are participating in full-time cycles of courses at the center, which was established in 1962. Six ten week courses have been completed to date. AID also provides training for trade unionists in the United States or third countries and provides technical assistance for the Ministry of Labor.

TRANSPORTATION DEVELOPMENT

A nation's transportation system often is likened to the circulatory system of the human body. Without the circulation provided by highways, ports, airports and railways, neglected parts of the economic body will stagnate and wither in isolation and poverty. In Peru—the fourth largest country of Latin America. Attention also is being given to

members of the European Common Market)— this problem is a serious one. The success of the nation's efforts for development of agriculture and industry are closely tied to the improvement of its system of transportation. Peru's geography—the towering barrier of the Andes, the heavy rains of the sierra and the eastern slope, the long distances— poses formidable challenges to road-builders.

In recent years, Peru has made considerable progress in developing a coordinated program to attack its transport problems. Since 1960 some US\$ 80,000,000 has been provided in economic assistance by the United States and the World Bank to help finance a series of projects for highway construction and port and rail-transport improvements. AID also is providing technical advisors to the Highway Bureau of the Ministry of Development and Public Works, the Peruvian Civil Aviation Corporation and the Ministry of Marine. The technical missions are provided under contract with the United States Bureau of Public Roads and the Federal Aviation Agency. New projects in these fields are being readied for financing, including a major program of airport construction.

Major highway projects are under way with United States financial assistance from the north to the south of Peru, involving a total of more than 1,000 kilometers of new highway. (Their locations are shown on the accompanying map). Projects are being developed both by civilian contractors under direction of the Ministry of Development and six engineer units of the Peruvian Army working in "civic action".

The largest single project yet to be undertaken in Peru under the Alliance for Progress calls for construction of the 278-kilometer Pomacocha-Tarapoto highway. It will complete the Northern Trans-andean Highway system, linking the Pacific Coast with the Amazon Basin and providing the first land route into the potentially rich Department of San Martín. At the present time some 20,000 hectares are under cultivation in the zone; after the road is opened, nearly 200,000 hectares may be brought into cultivation. Bids for construction of this key road are now being studied and construction should get under way by the beginning of calendar year 1965. Loans for this project from United States agencies total over 35 million dollars.

This project also forms part of the route of the East Andean Highway, which has been proposed by President Belaúnde to link the interiors of Peru, Bolivia, Ecuador and Colombia. The Interamerican Development Bank has made a donation of US\$ 200,000 from the Social Progress Trust Fund to finance initial studies of the route in the four countries.

Other road projects — the Tingo María-Tocache route and the Muñepata-Teresita road — are opening up for the first time the rich Huallaga and Apurímac Valleys, respectively. The 50 kilometer Muñepata-Teresita road, financed wholly by an AID loan underwent final inspection in August 1964, thus being the first such project to reach completion. Two projects near Cuzco — the Ollantaitambo-Umasbamba and the Colca-Amparaes routes — will provide highway transportation for 62,000 persons in the Valley of La Convención, dependent until now for a single narrow gauge railway for access to the out-

PRINCIPAL HIGHWAY PROJECTS



- 1 MUÑEPATA-TERESITA
- 2 PUCALLPA-NESHUYA
- 3 NESHUYA-AGUAYTIA
- 4 SANDIA-TAMBOPATA
- 5 POMACOCHA-TARAPOTO
- 6 OLLANTAITAMBO-UMASBAMBA
- 7 COLCA-AMPARAES
- 8 BAGUA-RIO MARAÑON
- 9 TULUMAYU-LA MORADA
- 10 PANAMERICANA-CAJAMARCA
- 11 QUINCÉMIL-YORINGO

Since 1960, the United States and the World Bank have provided some US\$80 million in economic assistance to help finance a series of projects for highway and port and rail-transport improvements throughout Peru.





24 bulldozers like the one seen here, were donated by the United States through its Military Assistance Program. In the hands of trained Peruvian Military engineers, these late model machines are opening up access roads in the virgin mountains and jungles of Peru.

side world. Still another, the Sandia-Tambopata road in Southern Peru will open up San Juan del Oro, a coffee region in which some 13,000 persons now depend on a single mule trail to carry coffee out of the valley and bring in consumer goods. Work by the Zachary Construction Co. is progressing well on the strategic Pucallpa — Neshuya road. Asphalt has been placed on the first sixty kilometers of this all weather highway which will give year round access to Pucallpa, port city on the Ucayali river in the rich Peruvian Amazon basin.

One of the most recent agreements signed between AID and the Peruvian government provides some two thousand tons of surplus food commodities through Food for Peace to be used in partial payment for work on aided self-help secondary roads.

A 2 million dollar loan by the Export-Import Bank also provides equipment for use in self-help construction of these roads for remote towns and villages in some 50 locations with a total of some 1,400 kilometers.

In other fields of transportation, a recent Exim Bank loan of US\$1.5 million provides for purchase of equipment to modernize the ports of Ilo, Mata-

rani, Chancay, Huacho, Supe, Salaverry and Paita. (The World Bank also made a US\$3.1 million loan for construction at the port of Paita). The World Bank and the Exim Banks also have provided major assistance to the Peruvian Corporation in its program to modernize the nation's two principal railroads, in central and southern Peru. Among the achievements of the Civil Aviation Assistance Group was its key role in the design for the new Lima-Callao International Airport, one of the most advanced in the hemisphere.

EDUCATIONAL AND SOCIAL DEVELOPMENT

Peru is seeking to achieve economic growth through productive investment in agriculture and industry, and in improvements in the infrastructure of the country, especially in the field of transportation. But for Peru to achieve the economic goals of its development program, it requires a parallel development of the nation's human resources. This means that with the development program attention must be given to educational, housing, and urban development and to the area of community development.



United States loans totaling US\$7.5 million will finance a major expansion program for the National Agrarian University of La Molina. United States Ambassador, J. Wesley Jones and University Rector, Dr. Orlando Olcese, observe a model of the future campus which will increase capacity from 800 to 3,000 students.

BASIC EDUCATION REFORM AND DEVELOPMENT

Almost a million children between the ages of 7 and 16 do not attend schools in Peru, primarily because schools for them do not exist. This lack of educational facilities — which is found from the level of primary schools to universities — is compounded by other problems: shortages of teachers and teaching materials; a disproportionate concentration of educational opportunities in urban areas; and deficiencies in curriculum and organization. Under an agreement between AID and the Ministry of Education, the Teachers College of Columbia University is providing technical assistance to the Ministry to attack this constellation of problems. The Columbia mission is working with the Ministry in such fields as teacher training, primary and technical education, the establishment of a center for development of texts, teaching materials, educational planning and organization and administration. In addition, the Ministry is preparing a broad program of construction of rural, normal and technical schools, for which financing will be sought.

To stimulate educational activity in the private sector AID has made donations of over US\$270,000 to the Peruvian Institute for Education Development (Instituto Peruano de Fomento Educativo) to provide scholarships for high-school, normal-school and university students. The Institute is privately operated and financed, and one of the purposes of the AID grant was to stimulate its growth and encourage increased private support for its activities. About 330 students were awarded scholarships at the beginning of the 1964 school year.

Another objective of the development program in the field of education is the strengthening of institutions of higher education through expansion of facilities and training programs. An example is the program of assistance to the National Agrarian University, which already is under way. Private U.S. foundations such as Ford, Rockefeller and Kellogg, also are very active in this field, as are international agencies. Foundations have made substantial donations for development of the Agrarian and Engineering Universities. The Interamerican Development Bank, through the Social Progress Trust Fund, has made a loan of US\$1,500,000 to San Marcos University for construction and equipment of a center for science education. A similar loan by IDB for US\$2,500,000 was granted to the Engineering University. This loan, authorized in October of 1964 will be used for the construction of classrooms and laboratories, equipment, technical assistance, and bibliographic materials. AID also is financing a program of fellowships for science study at the San Marcos center. Other programs, involving universities in the capital and in provincial cities, are under consideration.

Among the programs of the Peruvian Armed Forces in the field of "civic action" is the Army's development of vocational training centers. These centers provide training in a number of trades — carpentry, metal-work, plumbing, electricity, masonry, etc. — to selected recruits in the final three months of their two-year enlistments. The first center was opened in Chorrillos, near Lima, in 1962, and centers in Cuzco and Arequipa since have been opened. A fourth training center in Piura was

The acute problem of lack of housing is receiving special attention in various programs carried out under the Alliance for Progress.



inaugurated in October of 1964. A final one, in Iquitos, is planned for 1965. Already, more than 2,000 recruits have been graduated and returned to civilian life from these training centers. AID is providing a vocational training advisor and is donating tools and equipment valued at some US\$400,000 for the centers.

HOUSING AND URBAN DEVELOPMENT

One of the great human problems in Peru is lack of adequate housing. The problem is acute in rural areas and perhaps even graver in urban areas, where hundreds of thousands of persons, many of them migrants from the Sierra, are crowded into slums.

Programs for the development of low and middle-cost housing and to provide urban services to the "barriadas" have been undertaken by Peru, with loan assistance totaling US\$34.3 million from the Social Progress Trust Fund of the IDB and from AID. The programs are under the direction of the two key government agencies in the housing field: The National Junta for Housing and the National Housing Bank. The Junta is carrying on a program of direct construction of low cost houses, aided self-help projects, small loans for home improvements, provision of urban services, and others. It operates in most of the principal cities of the country. According to a recent count it had made starts on more than 10,000 housing units.

The Housing Bank is the parent agency for a rapidly growing national system of savings-and-loan associations, for which "seed" capital was provided by an AID loan. This system has grown from a single savings-and-loan association in 1960 to a national system of 26 associations in most of Peru's principal cities. More than 35,000 persons are members, and their savings deposits are approaching the US\$10 million mark. The number of loans made for the purchase of houses shows a dramatic rising curve: From 403 in 1961, to 1,407 in 1962, to 3,049 in 1963, and, projected for 1964, as many as 10,000. In addition to loan funds, AID has provided technical assistance to the Bank, partly through the U.S. National League of Insured Savings Associations, which has been keenly interested in fomenting growth of the savings-and-loan system in Latin America. Attention also is being given to credit union and housing cooperatives; much of a US\$ 1,000,000 loan from the IDB's Social Progress Trust Fund to the Peru's National Credit Union Associa-

tion has been used in financing home purchases by credit-union members.

A new method for financing housing construction was provided by the U.S. Congress in approving the program of Housing Investment Guaranties, which AID administers. These allow guaranties of investment of private U.S. capital in many kinds of housing projects in Latin America. The first loan guaranty to be made in Latin America under this new authority was for a housing construction project in the La Victoria district of Lima. Four guaranties covering a total of nearly US\$15,000,000 have been issued in Peru for projects to construct more than 3,000 houses. Others are under consideration.

A vital aspect of urban development as well as of public health is the problem of environmental sanitation — the question of clean water systems and safe disposal of sewage. Peru is working on a program to provide municipal water systems in some 150 rural communities where they do not now exist. For the program, the IDB has provided a loan of US\$1,650,000 from the Social Progress Trust Fund, and Peru will provide a substantial additional amount. In the program's first stage some 150,000 persons will be benefited. AID also has provided several loans for municipal water and sewerage improvements from funds generated by Food for Peace sales.

Largest of the water-system projects is the US\$ 20,000,000 program to modernize and expand the water and sewerage system of Greater Lima, to provide for growth through the year 2000. AID and the Export-Import Bank have made loans totaling US\$15.1 million for this work.

COMMUNITY DEVELOPMENT

A number of programs are under way in the broad field of community development. They are intended to enlist the skills, energies and resources of the people in the effort for national development.

The government has put special emphasis in this field, through the creation of a program known

Self-help projects receive the firm support of AID within the scope of the Alliance for Progress. A school is being finished in La Atarjea, on the outskirts of Lima through such joint efforts.

as Cooperación Popular which is designed to aid the self-help efforts of local communities by providing the technical advice and tools which might spell the difference between successful community projects and failures. AID is donating a wide variety of small tools for Cooperación Popular, which is guided by an interministerial commission. In the summer of 1964, Cooperación Popular organized a university student volunteer program, under which nearly 600 students went into rural areas, most of them in the sierra, to work on development projects with local communities. AID helped equip the students in this program.

AID itself, through its program of "special projects", also seeks to provide practical assistance in community development. Typically, in this effort, AID works with groups and communities who have demonstrated their capacity and their willingness to help themselves. But often such groups lack a vital tool, a piece of equipment or some facility for which there may be no real substitute. One example was the Indian community of Cuyo Chico, near Cuzco. There, the "comuneros" were working on an irrigation canal to water their lands, chipping through hard rock with hand tools. They estimated it would take them three years to do the job. With a jackhammer provided by AID, the construction time was cut to nine months. In another case the small rural



community of La Atarjea, on the fringe of greater Lima, received materials and equipment to help complete a new self-help prevocational training school. The inspiration for this particular project came from a cartoon book of the U.S. Information Service entitled, "El Renacer" (The Reawakening). Many more such community projects — over sixty in all — have warranted a helping hand from AID. These range from the establishment of fifty "little libraries" in progressive indigenous communities to a duck production project on Lake Titicaca.

AID also supports a training center for credit unions, which are very active in Peru. A recent report indicated there are 439 credit unions in the country, with 178,000 members, a total in savings of some US\$10 million. They have made a cumulative total of loans of over US\$26,000,000. The U.S. Credit Union National Association, through a contract with AID, operates the training center, which services other Latin countries as well, and provides other assistance to the credit-union movement.

In all of these programs, and in others in the field of community development, volunteers of the Peace Corps have played an important role. Many are working in centers established by Cooperación Popular in the Peruvian sierra.

United States agricultural abundance is shared with developing nations under the provisions of the Food for Peace Program established by Public Law 480.



FOOD FOR PEACE

The Food for Peace law, Public Law 480, authorizes under its four titles various kinds of programs to put the abundance of U.S. agriculture to work in helping other countries in their development programs. Abroad, AID administers U.S. participation in these programs. Considerable activity is under way in Peru under the various sections of this program.

1. **Title I** of the law authorizes the sale of U.S. food, with payment in currency of the recipient country and the long-term loan to that country of a major part of the receipts, to be used for development projects.

Prior to 1960, Peru received as long-term loans from the proceeds of food sales under Food for Peace agreements some US\$18,100,000. Of this, some US\$12,000,000 was used by Peru in developing the big San Lorenzo irrigation and colonization project in the Department of Piura. The remainder was used for various agricultural development works and for loans to private industry.

Under an agreement of February 12, 1960, amended July 31, 1961, Peru received some US\$ 8,400,000 from the proceeds of food sales. These funds have been allocated to highway and railway development, agricultural works, sanitation projects, housing and education. A donation of US\$150,000 was made to Peru in 1961 from this fund to buy equipment for the pilot Plan Nacional de Alimentación Escolar, then beginning in Puno.

On February 13, 1964, Peru and the United States signed an agreement providing for the sale to Peru of U.S. food valued at US\$8,690,000, of which 65 per cent, or some US\$5,650,000, will be destined for use in Peru as long-term loans, including support for the expansion of the Agrarian University, loans to private enterprise and other uses.

Laborers and their families are receiving surplus food commodities of Food for Peace through an agreement between AID and the Peruvian Government. Partial payment of this type is being made on key road construction projects such as the Sandia-Tambopata highway in Puno.



The National School Nutrition Plan will provide some 750,000 school children with a hot, nutritious meal in 1965, thanks to Food for Peace agreements with the Peruvian Government.

2. **Title II** of the law authorizes the gift of U.S. food stocks for various uses. Programs in Peru have been as follows:

a) The value of food donated for famine relief in Southern Peru, 1956-59, totaled US\$13,900,000.

b) A major new Alliance for Progress Food for Peace Program was begun in November, 1961, as a pilot project in the Department of Puno and later extended to other parts of Peru. It is the National School Nutrition Plan (Plan Nacional de Alimentación Escolar) which provided meals to some 478,000 school-children a day by the end of 1964 and is being broadened to reach 750,000 in 1965. The value of U.S. food donated through October 30, 1964, was US\$ 10,885,878.

c) Food also is being used to supplement cash wages of workers on development projects. Two such programs are now under way. One is a forestation project in the Departments of Junín and Cuzco under which members of Indian communities are foresting noncultivable community land. The other is the Sandia-Tambopata road in Puno, where laborers are being paid cash and food. A secondary roads program involving "Cooperación Popular" and the Peruvian Secondary roads Department was inaugurated in September of 1964. This new program has Caritas and Peace Corps participation as well and will be country wide.

Still another "Food for Work" project is pending on three roads now being constructed by the Peruvian Army 3rd. Engineering Battalion. The U.S. donation for the above mentioned "Food for Work" road projects will be over US\$750,000. Donations through October 30, 1964 for the forestation projects totalled US\$210,000.



Six Peruvian Army engineering batallions are at present building penetration roads in the mountains and jungles of Eastern Peru. These and many other projects are receiving the wholehearted support of United States' institutions such as AID, Export-Import Bank, and the Military Assistance Program.

3. **Title III** provides for the donation of food through voluntary agencies to the needy. In Peru, this program is carried on by Catholic Relief Services and its local agency, "Caritas del Perú", and by Church World Service. (UNICEF withdrew from

this activity in 1963 after twelve years). About half a million persons receive food through this program. From 1955 to 1964 about 140,000,000 pounds of food valued at about US\$17,5 million was given in Peru through these programs.

4. **Title IV** provides for the sale of agricultural commodities on long-term credit repayable in dollars, to be used for development purposes. An agreement on March 20, 1962, between the two governments provided for the purchase of fats and oils amounting to about US\$1,789,000. About US\$1,270,000 of this has been allotted to the agrarian reform program of the Institute of Agrarian Reform and Promotion and most of the rest to support of agricultural extension and education, forestation and economic planning.



The work of Peace Corps Volunteers, like the young man seen here lending advice to an Indian farmer of Puno, is highly esteemed by Peruvians. Peru has one of the largest Peace Corps Programs in the World, with over 400 volunteers at work in a wide variety of programs at the invitation of Peruvian agencies.

PARTICIPANT TRAINING

Worthy of special mention is AID's program of training for Peruvian participants in the United States and third countries. Most agreements between AID and Peruvian agencies for technical assistance call for such training for key personnel. In the past some 150 Peruvians have gone abroad each year for training in fields as various as agriculture, public administration, labor, planning, education, transportation and others. A marked increase was noted in 1964 when 299 trainees received scholarships as of November 20. This program, in adding to the nation's store of skills and experience, makes a vital contribution to the development process.

CIVIC ACTION

Peru's Armed Forces work in many fields related to economic development. Six Army engineering battalions are building penetration roads in the mountains and jungle of eastern Peru. Other units are working in projects to improve *barriadas*, carrying on programs of training and education, and many other activities. The Navy and Air Force also have programs of civic action, including providing health services in the Amazon, emergency relief and rescue work, and the construction of jungle air strips. The United States Military Assistance Program supports these efforts through its missions in Peru. Equipment and supplies worth many millions of dollars have been contributed for these programs. Recent examples included the delivery of 48 new trucks and 24 bulldozers valued at US\$1,200,000 to be used in support of the Army's civic action program. Similarly, ten C47 aircraft have been donated to the Peruvian Air Force for use in civic action programs in the *Selva* region.

The armed forces are expanding their traditional participation in providing essential public services in such fields as survey and mapping, aerial photography, hydrography, meteorology, oceanography, lighthouse service, and disaster relief. United States support of these programs includes also USAID, Inter-American Geodetic Survey, and Food For Peace.

PEACE CORPS

Peru has one of the largest Peace Corps programs in the world, with approximately 400 volunteers at work in a wide variety of programs at the invitation of Peruvian agencies. The volunteers are assigned in all parts of the country in programs of education, community development, nutrition, forestation, credit and others. The largest programs are in the urban slum areas of Peru's principal cities, Lima, Arequipa, and Chimbote, and in small communities of the highlands, where volunteers work in two's and three's. The Peace Corps program has had a warm reception in Peru, and additional volunteers have been requested by Peruvian authorities. A recent turnover brought 175 new volunteers to Peru who will be active in urban and rural act-

ivity and working in the development of cooperatives. Many of them will be assigned to work with the Peruvian "Cooperación Popular".

APPENDIX

A) Loans

Development loans to Peru by Agencies of the United States Government, the Interamerican Development Bank, and the World Bank since the Act of Bogota (1960).

The following is a list of development loans to Peru since the Act of Bogota of 1960 and under the Alliance for Progress.

Initials for the various lending agencies are :

AID: The United States Agency for International Development is the principal foreign-assistance agency of the United States and coordinates U.S. participation in the Alliance for Progress.

AID (PL 480): AID administers abroad the Food for Peace program, under the United States Public Law 480, through which local currency is generated for use in development projects.

IDB: Interamerican Development Bank is an international agency chartered and operated by the countries of this hemisphere, including Peru and the United States, to promote economic development.

EXIM: The Export-Import Bank is a lending agency of the United States Government which provides financing for equipment and services for development projects.

IDB (SPTF): The Social Progress Trust Fund consists of US\$525,000,000 provided by the United States for the Alliance for Progress and administered by the IDB under a contract with the Department of State.

The following is the list of loans:

NATIONAL ECONOMIC PLANNING

The National Planning Institute, for a fund for the financing of economic and feasibility studies for development projects (1963).

US\$ 3,000,000 AID

AGRICULTURAL DEVELOPMENT

Institute of Agrarian Reform and Promotion, to support the first phase of a five-year national agricultural development program. This includes programs for supervised credit and technical assistance to small and medium farms on the coast and in the sierra, support for colonization projects, and other extension and development projects, through such agencies as ONRA National Office of Agrarian Reform, SIPA (Research and Extension Service), and the Finance Corporation of the Agrarian Reform.

US\$ 16,600,000 AID

US\$ 1,700,000 EXIM

Economic Development Fund of the Peruvian Government, to support public works to alleviate temporary emergency conditions in Puno. Expired August 31, 1962.

US\$ 1,168,000 AID

Pativilca Irrigation Co., to complete an irrigation project for 6,500 hectares in the Pativilca zone, 180 miles north of Lima (1964).

US\$ 1,410,000 IDB

Compañía Irrigadora Chimbote, S. A., a private company, to help finance an irrigation project to serve 27,800 hectares in the Chimbote area, with the land to be sold later to farmers under terms of Peru's agrarian reform program (1964).

US\$ 1,700,000 IDB

National Agrarian University, to finance the first stage of a major expansion program for the University (1964).

S/. 26,800,000 AID-(PL 480)

US\$ 2,000,000 IDB (SPTF)

(AID and the IDB have earmarked an additional US\$ 4,500,000 for this project).

Ministry of Development and Public Works, for the construction of the first stage of a 43-kilometer irrigation canal along the left bank of the Ica River (1964).

S/. 5,700,000 AID-(PL 480)

Ministry of Development and Public Works, for reconstruction and termination of the Huallabamba irrigation canal, in the Department of Lambayeque (1964).

S/. 4,000,000 AID-(PL 480)

Ministry of Agriculture, for expansion and new construction of agricultural experiment stations at Lambayeque, Tulumayo, Bellavista, Juanjuí and Yurimaguas, and for equipment for about 30 agricultural extension offices (1964).

S/. 5,400,000 AID-(PL 480)

Ministry of Agriculture for irrigation projects, penetration roads, farm credit and technical assistance in the communities of Asillo, Taraco, Soras, Santiago de Chuco, Layo, Julcamarca, and Chuyas-Huaychao (October, 1964).

US\$ 3,500,000 IDB (SPTF)

TRANSPORTATION DEVELOPMENT

Ministry of Development and Public Works, to help finance construction of the 278-kilometer Pomacocha-Tarapoto Highway, a section of the Northern Transandean Highway from Olmos to Yurimaguas (1964).

US\$ 23,000,000 EXIM

US\$ 12,100,000 AID

Ministry of Development and Public Works, to assist in financing construction of penetration roads (1960). Portions of this credit have been used for the following highway projects: Muñepata-Teresita; Sandía-Tambopata; Ingenio-Río Imaza; Bagua-Río Marañón; Pomacocha-Tarapoto; Ollantaitambo-Umasbamba; Colca-Amparaes, and Tingo María-Tocache.

US\$ 8,000,000 EXIM

Ministry of Development and Public Works, to assist in financing construction of the 166-kilometer Aguaytía-Pucallpa Highway. (The World Bank also has lent US\$ 5.5 million for this project) (1960).

US\$ 4,500,000 AID

Ministry of Development and Public Works, to assist financing construction of the 50-kilometer Muñepata-Teresita Road into the Apurímac Valley (1961).

US\$ 1,800,000 AID

Ministry of Development and Public Works, to help finance construction of the 77-kilometer highway from Tulumayo to La Morada, a section of the Tingo María-Tocache-Tarapoto route (1964).

US\$ 1,900,000 AID

Ministry of Development and Public Works' Department of Local Roads, for the purchase of equipment for selfhelp construction of roads to remote towns and villages (1963).

US\$ 2,000,000 EXIM

Ministry of Development and Public Works, to help finance the reconstruction of the 176-kilometer Panamericana-Tembladera-Cajamarca Highway (1963).

S/. 39,500,000 AID-(PL 480)

Ministry of Development and Public Works, to help finance the improvement of the 105-kilometer Quincemil-Yoringo-Puerto Carlos Highway (1963).

S/. 18,000,000 AID-(PL 480)

Peruvian Corporation Ltd., for the purchase of equipment for modernization of railways (1961, 1963). (The World Bank has also lent US\$ 13.25 million for this project).

US\$ 1,500,000 EXIM

US\$ 4,700,000 EXIM

Ministry of Development and Public Works, for renovation of the 131-kilometer railway line between Cuzco and Huadquiña (1964).

S/. 15,000,000 AID-(PL 480)

Dirección de Administración Portuaria, for the purchase of cargo-handling and port equipment to modernize eight Peruvian ports (1963).

US\$ 1,500,000 EXIM

INDUSTRIAL DEVELOPMENT

Banco Industrial, to provide credit for increased services to small business and industry (1961).

US\$ 2,500,000 EXIM

Banco Industrial, to provide credit for increased services to small business and industry.

US\$ 2,500,000 (1962) IDB

US\$ 5,000,000 (1963) IDB

Marcona Mining Co., for plant expansion (1961, 1962 and 1963).

US\$ 13,250,000 EXIM

Metalurgia Peruana, S. A., to purchase machinery and equipment for a new foundry (1961).

US\$ 1,950,000 EXIM

Peruvian Portland Cement Co., for plant improvements (1961).

US\$ 1,200,000 IDB

Corporación Peruana del Santa, to double the capacity (from 50,000 to 100,000 KW) of the Cañón del Pato hydroelectric power plant (1964).

US\$ 4,700,000 EXIM

US\$ 2,200,000 AID

Peruinvest, a private financial entity, to finance projects of small and medium-size industry in Peru (1963).

US\$ 750,000 IDB

Hidrandina, a private company, for the construction of a 20,000 kilowatt hydroelectric plant on the Pativilca River, whose total cost approximates

US\$9,250,000 and for which several private foreign firms also are providing financial assistance (1964).

US\$ 2,000,000 AID

Marcona Mining Co. for expansion of installations for iron extraction. (October 1964).

US\$ 13,800,000 EXIM

EDUCATION AND SOCIAL DEVELOPMENT

National Housing Junta, for an accelerated program of construction of lowcost housing (1961).

US\$ 22,800,000 IDB (SPTF)

National Housing Bank, to provide "seed capital" for the development of a national system of savings-and-loan associations to provide credit for housing development (1961).

US\$ 7,500,000 AID

"El Perú" Savings and Loan Association of Lima to assist its program of financing home construction (1960).

S/. 27,700,000 AID-(PL 480)

"El Pueblo" Savings and Loan Association of Lima, to assist its program of financing home construction (1961).

US\$ 1,000,000 IDB (SPTF)

Lima Water and Sewerage Corp., to finance modernization and expansion of the Lima water and sewerage system (1963).

US\$ 8,600,000 AID

US\$ 6,500,000 EXIM

Arequipa Water and Sewerage Corp., to finance modernization of the City of Arequipa's water and sewerage system (1961).

US\$ 3,700,000 IDB

San Marcos University, to finance construction and equipment for a new Science Center (1962).

US\$ 1,500,000 IDB (SPTF)

National Credit Cooperative Association, to assist expansion of the credit-coop movement in Peru (1961).

US\$ 1,000,000 IDB (SPTF)

Ministry of Public Health, to assist in financing the construction of potable water systems in approximately 150 rural communities (1964).

US\$ 1,650,000 IDB (SPTF)

Hogares Chavarría, S. A., a private housing firm, for construction of approximately 300 houses in the Urbanización Sol de Oro, near Lima (1964).

S/. 26,000,000 AID-(PL 480
Cooley)

Ministry of Development and Public Works, for improvement of the potable water and/or the sewerage systems of Chimbote, Iquitos, the sierra towns of Huaripampa, Muqui, and Muquiyauyo, Chiclayo, Cuzco, Jauja, and for purchase and installation of 6,410 water meters in 12 cities and towns. (Seven agreements in 1964).

S/. 16,169,067 AID-(PL 480)

National Engineering University of Peru, for construction of class rooms and laboratories, equipment, technical assistance and bibliographic materials (October, 1964).

US\$ 2,500,000 IDB (SPTF)

Government of Perú, through National Housing Bank for the development of housing cooperative projects, of the savings and loan variety.

US\$ 6,000,000 AID

HOUSING INVESTMENT GUARANTIES

The U.S. Congress has authorized AID, as part of the Alliance for Progress program, to issue guaranties to encourage private U.S. capital investment in certain types of housing projects in Latin America. The following guaranties have been issued in Peru under this program:

A loan by the International Housing Capital Corp., an affiliate of Loeb, Rhoades & Co., to the project Viru, S. A. for the construction of a 915-house development between Lima and Callao; AID is guaranteeing 100 per cent of the US\$4,000,000 loan (1964).

Two loans by the Chase Manhattan Bank of New York to the firm Apolo Peru S. A., formed by private Peruvian capital and Apollo Industries of Pittsburgh, for the construction of about 840 houses in a development in La Victoria district of Lima. These guaranties total US\$1,950,000. A recent loan guarantee for the construction of 1,300 houses in Lima at a cost of US\$8.8 million was extended to the Pacific Construction Company, of Honolulu, Hawaii, for its VIPSE project. Approved guaranties to date now total US\$14,750,000.

B) Technical Assistance

The United States has provided grant funds for technical assistance to the Government of Peru through the Agency for International Development and predecessor agencies since 1943. Over the period 1943 through 1961, this assistance has totalled US\$ 24.0 million. In the three year period from Fiscal Year 1962 through Fiscal Year 1964, a total of US\$ 16.8 million has been granted by A.I.D. for the following projects:

Project Title	Peruvian Agencies involved	Amount — FY 62-64
Agricultural Programs, Planning and Research	Ministry of Agriculture	US\$ 1,147,000
Agricultural Institutional Development and Operations	Ministry of Agriculture National University of Agriculture	" 2,642,000
Community Development	Ministry of Development and Public Works Inter-Ministerial Executive Commission for Popular Cooperation National Planning Institute	" 277,000
Transportation Development	Ministry of Development and Public Works Peruvian Corporation of Airports and Commercial Aviation (CORPAC)	" 324,000
Private Enterprise Development	Ministry of Development and Public Works National Institute for Industrial Promotion (INPI) Graduate School of Business (ESAN) National Productivity Center (CENIP) Peruvian Management Assoc. (IPAE)	" 2,139,000
Labor Development	Ministry of Labor Peruvian Confederation of Workers (CTP)	" 539,000
National Economic Planning	National Planning Institute	" 1,204,000
Training and Advisory Services in Public Administration (including Tax and Customs administration)	Ministry of Finance and Commerce National Office of Public Administration and Training (ONRAP)	" 1,385,000
Basic Education Reform and Development	Ministry of Education Peruvian Institute of Educational Development (IPFE)	" 1,593,000
Vocational Training (Civic Action)	Ministry of War	" 438,000
Housing and Urban Development	Housing Bank of Peru Housing Board	" 488,000
Improvement and Expansion of Health Services	Ministry of Public Health	" 244,000
Public Safety	Ministry of Government and Police	" 1,255,000
Technical Support		" 1,655,000
Various projects concluded in 1962		" 1,449,000
		<u>US\$16,779,000</u>

C) Food for Peace

In addition to the loans made under PL 480 Titles I and IV the following shows the amount and dollar value of commodities donated under PL 480 Titles II and III from 1961 through 1964.

1. Title II

	Quantity Metric. Tons	Value
School Feeding (1961-1964)	29,471	US\$10,885,878
Food for Work		
(a) Reforestation (1963-1964)	574	" 210,000
(b) Sandia Tambopata Road (1963-1964)	194	" 90,000
(c) Secondary Roads (1963- 1964)	2,175	" 865,000
TOTAL	32,414	US\$12,050,878

2. Title III

At the present time PL 480 Title III Food commodities are distributed in Peru by two accredited non-profit American voluntary relief agencies. They are, Catholic Relief Services and Church World Service.

UNICEF which had been operating as a voluntary agency in Peru discontinued its services in June 1963.

The following shows the amount and dollar value of the programs approved for the years indicated.

	Quantity Metric. Tons	Value
Catholic Relief Services (1961-1964)	47,107	US\$ 9,297,683
Church World Service (1963- 1964)	260	" 72,000
UNICEF (1961-1963)	5,223	" 1,765,374
TOTAL	52,590	US\$11,135,057

Other Guaranties and Loans

AID seeks to increase investment by United States private enterprise in the economies of friendly less-developed countries by guarantying investors against certain political and business risks. Such investment guaranties totalled US\$13,420,000 for the period 1960-63. Another interesting program designed to stimulate economic activity by private enterprise involves lending private firms local currencies generated from the sale of U. S. surplus agricultural commodities. These so-called "Cooley Loans", named after Congressman Harold D. Cooley are made within the framework of Title I of Public Law 480. Such loans have been granted for a total of US\$2.7 million.

WORLD BANK

Loans since 1960

Banco de Fomento Agropecuario, for agricultural development (1960).

US\$ 5,000,000

Lima Light and Power Co., for power development, two loans of US\$24,000,000 (1960) and US\$ 15,000,000 (1963).

Government of Peru, for construction of the Aguaytía-Pucallpa Highway (1960).

US\$ 5,500,000

Government of Peru, for highway maintenance (1961).

US\$10,000,000

Peruvian Corporation, for railway rehabilitation (1963).

US\$13,250,000

Government of Peru, for construction of the port of Paita (1964).

US\$ 3,100,000

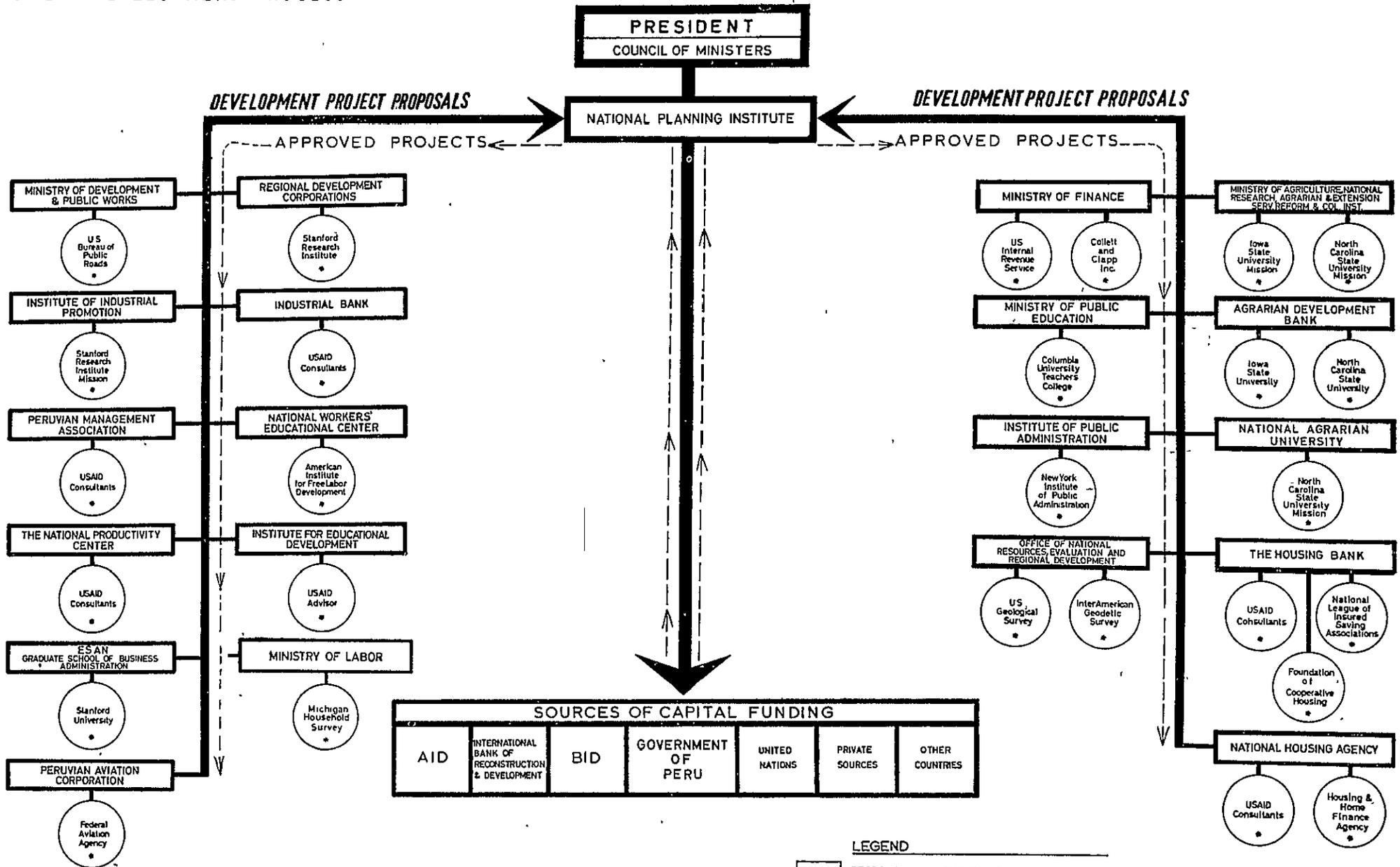
TOTALS*

Source of Loan	Total Since 1960	Total Since July 28, 1963
AID	US\$ 66,400,000	US\$ 30,800,000
AID (PL 480, Title I)	US\$ 11,400,000	US\$ 5,650,000
AID (PL 480, Title IV)	US\$ 1,789,000	
AID (Housing Investment Guaranties)	US\$ 14,750,000	US\$ 13,550,000
EXIM	US\$ 73,650,000	US\$ 46,700,000
IDB	US\$ 17,200,000	US\$ 9,300,000
IDB (SPTF)	US\$ 34,950,000	US\$ 9,650,000
World Bank	US\$ 75,850,000	US\$ 18,100,000

(The amounts listed under "Total since 1960" are cumulative to the present and include the figures listed under "Totals since July 28, 1963").

* Totals are to November 1964.

RELATION OF USAID PERU TO PERU DEVELOPMENT PROCESS



LEGEND

- ▭ RESPONSIBLE PERUVIAN AGENCIES AND INSTITUTIONS
- USAID UNIT PROVIDING TECHNICAL ASSISTANCE
- THE VARIOUS TECHNICAL GROUPS ASSOCIATED IN THE USAID MISSION TO PERU ASSIST IN THE DEVELOPMENT OF CAPITAL PROJECTS SEEKING FUNDING FROM ALL CAPITAL SOURCES



**UNITED STATES INFORMATION SERVICE (USIS)
AMERICAN EMBASSY
LIMA, PERU**