PD-ABI-980

USAID/PERU

SEMI-ANNUAL PORTFOLIO REVIEW

PERIOD APRIL 1, 1993 TO SEPTEMBER 30, 1993

DECEMBER, 1993

M E M O R A N D U M

DATE: December 28, 1993

TO: Mr. Eric Zallman, LAC/DR

FROM: George A. Wachtenheim, Mission Director, USAID/Peru

SUBJECT: Fall 1993 SAR - Director's Narrative

I. Country Development Situation

Peru continues to be at a major crossroads in its economic and social recovery after many years of neglect. Serious challenges confront its efforts to stimulate rapid economic growth, political stability, return to democratic society, and to address its severe social problems. Despite the country's near total political and economic collapse, significant reforms are being successfully implemented and positive momentum has been achieved over the past year.

The USAID/Peru assistance program has served in FY 1993 as critical support to the Peruvian people and the reform government of Fujimori. The success of the Mission's efforts can be seen in measurable achievements of reduced inflation, improved credit-worthiness Peru has achieved with international finance institutions, decentralization of the Ministry of Health, drop in infant mortality rates and progress in family planning, and in the flexibility of its program response to "targets of opportunity" to support democracy and human rights reforms as well as environmental initiatives.

II. Portfolio Overview

A. **General Constraints:** USAID's implementation capabilities and future planned development program in FY 1994 still continued to be impaired by the NSDD-38 directive, resulting in restricted travel to Peru, preventing the hiring of institutional contractors for major flagship projects, limiting the visits of supporting TDY assistance personnel, and critically reducing AID USDH staff to 15. Due to Congressional concerns on Peru's human rights problems AID/W froze the disbursement of the ESF balance of payment ($30 million) under PAAD I. In addition, the Mission's ability to obligate its FY 1993 OYB was restricted by Section 481 (h) of the FAA that limited our obligation level to 50% of the OYB between October 1 - May 15 until the narcotics certification was completed. Then, 629 (Q) sanctions were imposed on July 1 to September 29 when the

GOP went into default on its U.S. payments. Heroic efforts were made by the staff to work within these constraints to achieve full obligation of our FY 1993 OYB right down to the wire on the last day in the fiscal year, when the 620(q) restrictions were lifted.

B. **Strategic Focus and Program Linkages:** Given the aforementioned constraints on the USAID program, the Mission undertook in the Spring of 1993 a major reassessment of its FY 1994 - 1995 strategic framework and composition of its existing/planned project portfolio taking into consideration anticipated development impacts and manageable work load of its reduced staffing levels. Changes to USAID/Peru's development assistance strategy and program were incorporated into its FY 1994-95 Action Plan and approved in Washington in July, 1993. As a result, the number of strategic objectives (SOs) were pared back from 5 to 3. Given limited resource levels and staff, USAID's planned new alternative development start in FY 1994 was dropped and the its proposed environmental initiative was pushed back to FY 1995. Consistent with this rightsizing exercise, the Mission's overall portfolio has been reduced from 23 projects and two PL 480 programs (last SAR level in March) to 19 active projects and two programs at the end of this SAR reporting period. The Mission's streamlined strategic focus (Table 1) is consistent with the Agency's priorities and includes the following SOs:

1. **Strengthened democratic institutions that sustain individual rights and freedoms and are responsive to their constituencies;**

2. **Sustainable economic growth led by the private sector;** and

3. **Improved health status through access to quality primary health care.**

The strength of the Mission's strategic focus is clearly demonstrated in attached Table 2 (Portfolio Fit With Program Priorities). The distribution of portfolio activities is fairly evenly distributed among the Agency's focus areas of **economic growth, population and health, and democracy.** Correspondingly, resource levels (LOPs) are highest in economic growth and population and health. It is worth noting that 94 percent of our portfolio's LOP is with NGOs/PVOs. Pilot PD&S funded activities under **environment** are being tested this year in conjunction with sector studies in anticipation of a new project start in FY 1995.

During the rating period, three PVOs successfully completed implementation of food-for-work activities in the priority areas of agricultural production, productive community infrastructure and drought relief. The Mission also relied on four PVOs to manage its FY 93 $50 M food-aid distribution program and one of the cooperating sponsors monetized an additional $20 M in food commodities principally to support related project activities and fund the warehousing, transportation and other logistics costs of the distributed food. The services provided by PVOs and NGOs have also been critical for the successful implementation of the Mission's maternal/child health, population and drug education programs. Seven PVOs extend access to quality family planning services, and another PVO provides telephone counseling and other information and education activities in family planning. Under a health project, 16 PVOs are testing innovative ways to deliver and finance primary health care services. Under the PVO support Project, 15 PVOs were recently selected to implement activities in agriculture, health and micro enterprises. A larger number of PVOs, including these 15, will also benefit from assistance for institutional development.

Through the Title II and Title III Programs, the Mission is promoting the development of micro-enterprises by technical assistance in the fields of accounting and financial management, legal assistance, guidance on analyzing costs, setting prices and handling sales taxes. Specialized training is provided during all phases of micro-enterprise development, in areas such as production, quality control and marketing. Under different projects, either rotating loan funds or loan guarantee funds to leverage credit through established financial institutions have been set up.

Project linkages to strategic objectives, program outputs, project EOPS, performance indicators, and monitoring and reporting systems on impacts were an important consideration in each SAR project review. Definition of linkages were tightened and selective project EOPS and indicators were modified. However, projects planned to be terminated within the next six months remained unchanged -UHAD, PSMI, Ayachucho Orphans. I believe that we are in reasonably good shape at this time on the question of project linkages to SOs and program outputs. However, a comprehensive review of the portfolio is planned over the next reporting period to strengthen these linkages and better report impacts of our interventions. A specialist in computer information systems and performance indicators will be added to the Project Development and Program Office (PDP) starting in January to direct this activity.

C. Financial Analysis: During the SAR reporting period that ended on September 30, 1993, USAID's development

assistance portfolio consisted of a total of 25 activities, of which 21 were still active projects and programs at the beginning of FY 94. Two (2) of the 21 activities will be terminated within the next 3 months. Total LOP is $238.7 million of which $167.1 million (70.2%) was obligated and $106.5 million (44.4%) has been expended. The expenditure level for the reporting period was $12.2 million or 81.6% of the semester's planned expenditure level. Given implementation constraints set forth in II.A, levels of expenditure for the past two semesters are almost identical. Therefore, the ending pipeline is still quite high ($60.7 million). However, it is expected to be drawn down now that three institutional contractors are in-country and the pace of project implementation picks-up.

The remaining ESF cash transfer resources (1991) - $30 million still remain undisbursed despite Peru's compliance with original conditionality. AID/W's problems with human rights questions (new conditions) have stalled planned disbursement of these funds in FY 1993.

III. Highlights - Portfolio Successes

A. STRATEGIC OBJECTIVE NO.1

Recent historical events have had profound effects on the evolution of democracy in Peru. There have been pronounced achievements and setbacks, and almost constant change. The U.S. Government has remained engaged in the reform process through USAID's policy dialogue and financial - technical assistance to move the process forward. One of the most important vehicles has been the **Administration of Justice (AOJ) Project.** It has continued to play a vital role in reinforcing the GOP's and the public's open commitment to judicial modernization and due process of law. Its training and TA is helping to prepare for the transition from an inquisitorial to an accusatorial system of justice in mid-1994. By increasing the awareness of human rights, the project contributed significantly to a reduction in "disappearances" of persons and in the establishment of the National Registry of Detainees.

The impact of the **Private Sector Institutional Reform Project** through the Institute for Liberty and Democracy (ILD) has been particularly notable in the reporting period as it has taken a pro-active role in reaching

out to 400,000 people in nine regions to promote discussions on the GOP's proposed Constitutional reforms (approved in the October referendum) and strengthening democracy at the grassroots level. Its now working on decentralizing its successful land titling activity (110,000 processed) to areas outside Lima. ILD is viewed as a positive voice of the Peruvian people regarding democracy, transparency of government and the informal sector.

PD&S funds are financing two important pre-FY94 DI project design activities: 1) a 9-month **Civic Education Program** by the Lima Bar Association aimed at educating a select portion of Lima's school children and residents of the poorest neighborhoods in civic values related to democracy, the law, and human rights, and 2) a project by Foro Nacional/Internacional to assess democratic governance, and identify key problems of **Governance in Peru** and effective ways to address them.

B. STRATEGIC OBJECTIVE NO. 2

The **P.L. 480 Title II Program** continues to provide a critically-needed social safety net (food aid) to more than 3 million poor Peruvians adversely affected by the impacts of structural adjustment and to improve the health status of nutritionally at-risk families in peri-urban and rural areas of Peru.

Significant process-related milestones were achieved related to the arrival in-country of key institutional contractors to reenforce the efforts of USAID's limited DRH, FSN and PSC staff to push forward achievements in important flagship projects such as **Export, Trade and Development (ETD), Policy Analysis, Planning and Implementation (PAPI), and PVO Support.** Under the **ETD** project an important amendment was completed incorporating the successful research and technology transfer components of the terminated Agricultural Technology Transformation Project. Export Sector Panel. The first obligation under the new component funds ($2.8 million) cooperative agreement was signed with two U.S.PVOs - ACDI and Technoserve.

The start-up of the **PVO Support** activity under a $13.6 million cooperative agreement will enable the Mission to expand the number and increase the developmental impact of activities in agriculture, health and private enterprise. The initial request for proposals resulted in the receipt of 800+ applications. This initiative

will broaden the geographic coverage of USAID's assistance and promises more equitable development and institutional strengthening through assistance to small agro-producers and businesses, including environmental NGOs/PVOs.

Despite the early phaseout of the alternative development activity, **Upper Huallaga Area Development**, the GOP shows positive signs of being fully committed to continue this integrated development initiative using resources of the national budget. A planned final evaluation of this activity will provide valuable information on successful interventions, mistakes and appropriate methodologies as well as future policy considerations for USAID and AID/W.

Through the ETD Project USAID inaugurated the **Lima Chamber of Commerce's Arbitration Center** for settling national and international disputes, which will significantly reduce Peruvian judicial system's civil dispute caseload and promote a better business climate for investment through speedy, low cost resolution of disputes.

C. STRATEGIC OBJECTIVE NO. 3

Peru's health and nutrition problems have existed side by side with poverty, low education levels and inadequate water and sanitation conditions. The current economic crisis has sharply curtailed the availability of national revenues for basic health care and public services. Maintenance of existing public health programs and facilities has been very difficult. USAID's strategy is directed to improve health status through access to quality primary health care. Its program is focused on increasing access to and use of primary health services and seeking adoption of health financing reforms for long-term sustainability.

Key achievements in the SAR reporting period include the **Child Survival Action Project**, which has attained an immunization level of 83% for children under one year. Also, it is ssuccessfully implementing a health management information system that is approaching full operational coverage nationwide. The **Strengthening Private Sector Health Institutions**, working through 16 NGOs in southern Peru, is enabling 150,000 people to benefit from improved services and better health education. This is an innovative experiment to test the operational and financial feasibility of expanding primary health care through the private sector. The **Private Voluntary Sector Family Planning Services**

Expansion Project is in its 4th year of implementation. Its major accomplishment is the consolidated logistics and control of all USAID-donated contraceptive supplies for public and private sectors. In addition, it successfully undertook management of the 2nd Peruvian Demographic and Health Survey (DHS) due to sanction constraints related to working directly with the Ministry of Health.

IV. Problems

Section II.A outlines the major factors that continue to constrain the effective implementation of USAID's development assistance program in Peru. The inability to bring into Peru offshore contractors (IQCs, PSCs, ICs, etc.), to augment existing staff and local contractors efforts is directly impairing our development impact. This is clearly evident in the Financial Summary Table's % of LOP elapsed (time) and % of obligations expended for three major flagship activities - Policy Analysis, Planning and Implementation, Export Trade and Development, and PVO Support. Two of these activities were without the required implementing institutional contractors until this past Summer and the third IC is expected in 1/94

In addition, the security restriction of a maximum of 35 TDYers at any given time for all U.S. Government agencies in Peru, plus the Embassy established ceiling of no more than 8 expatriate long-term PSCs in USAID, is reducing the efficiency/productivity of our assistance programs. Lastly, the long delays (6 months or more) in processing Mission buy-ins to regional projects (HEALTHCOM II and LAC II Regional Accelerated Immunization) have stalled implementation efforts of the Child Survival Action Project. The bidder protest on SHIP North has delayed the award of contract since September.

V. Centrally Funded Activities

AID/W assistance to the Mission through its central support staff and buy-in contract mechanisms are helping to achieve developmental impact mainly under our strategic objectives number #2 and #3 as shown in the SAR table. The three category "A" centrally funded activities have been timely and very supportive of our economic growth and health and population sectors. There are four category "B" activities also contributing to these objectives. USAID/Peru is not aware of any centrally funded activities that do not support the Mission's strategic objectives.

VI. SAR Review Process

The event this Fall was particularly meaningful since USAID had a substantial turnover of its senior staff during the past Summer. The SAR Review was divided into two (2) stages consisting of an initial technical review headed by the Office of Project Development and Program (PDP) to flush out potential strategic focus-linkage problems, appropriateness of EOPS to Project Purpose statements, implementation strategy and operational delays/problems, etc., and to identify key issues, if any, as well as to highlight major achievements to date. This information was compiled into a SAR Issues Paper and circulated for further discussions between Office Chiefs, project managers and support personnel from Controller's and EXO offices, and the PDP Office.

This document then served as the principal discussion piece for the final SAR sessions chaired by the Mission Director and/or the Deputy Director. Also, these sessions were attended by Olivier Carduner, representative of LAC/DR from AID/W. These discussions were characterized as both strategic and conceptual (rationale/justification for actions), policy-oriented, and frank regarding implementation and achievement level issues. The ratings of all projects were reviewed. These meetings served to provide Mission staff with clear directions on future courses of action to be followed (implementation) and to set deadlines for actions (studies, evaluations, communications, etc.) to be completed.

TABLE 1: STRATEGIC OBJECTIVE PROGRAM "TREE"

Peru
Bureau Objective: Support the evolution of stable, participatory democratic societies
Bureau Sub-objective: Strengthen civilian government institutions and public participation in democratic process
STRATEGIC OBJECTIVE NO. 1 Strengthened democratic institutions that sustain individual rights and freedoms and are responsive to their constituencies

PROGRAM OUTCOME NO. 1.1 Strengthened judicial and legislative systems that promote rule of law and protection of human rights	PROGRAM OUTCOME NO. 1.2 Increased democratization and transparency of public decision-making	
Projects (Number\Title)	Projects (Number\Title)	
527-0303 Administration of Justice	527-0303 Administration of Justice	527-0061 Special Development Activities Fund
527-0352 Judicial Strengthening*	527-0352 Judicial Strengthening*	527-0244 Upper Huallaga Area Development
527-0340 Peruvian Peace Scholarship Program	527-0340 Peruvian Peace Scholarship Program	527-0347 Narcotics Education and Community Initiatives
527-0356 Democratic Initiatives*	527-0356 Democratic Initiatives*	527-0371 Democratic Development of Local Governments*
598-0772 Private Sector Institutional Reform	598-0772 Private Sector Institutional Reform	

* Projects under development.

Peru
Bureau Objective: Support the achievement of broadly-based, sustainable economic growth
Bureau Sub-objective: Encourage economic policies that promote investment, productive employment and outward-oriented diversification; encourage accelerated opportunities in the economy by the historically disadvantaged
STRATEGIC OBJECTIVE NO. 2: Sustainable economic growth led by the private sector

PROGRAM OUTCOME NO. 2.1 Establishment of economic policies favoring private initiative	PROGRAM OUTCOME NO. 2.2 Expanded participation in and efficiency of domestic and export markets	PROGRAM OUTCOME NO. 2.3 Enhanced food availability, access and utilization	PROGRAM OUTCOME NO. 2.4 Improved preservation and sustainable use of natural resource base
Projects (Number\Title)	Projects (Number\Title)	Project (Number\Title)	Project (Number\Title)
527-0343 Policy Analysis, Planning and Implementation	527-0244 Upper Huallaga Area Development	P.L. 480 Title II	527-0341 Employment and Natural Resource Sustainability
527-0367 Stabilization, Trade and Marketing Program*	527-0349 Export, Trade and Development	P.L. 480 Title III	527-0353 PVO Support
P.L. 480 Title III	527-0353 PVO Support	527-0353 PVO Support	527-0368 Sustainable Environmental Management*
	P.L. 480 Title III		527-0372 Integrated Pest Management
			598-0780 Participatory Land Use Classification

*Projects under development.

Peru
Bureau Objective: Support the achievement of broadly-based, sustainable economic growth
Bureau Sub-objective: Encourage accelerated opportunities in the economy by the historically disadvantaged
STRATEGIC OBJECTIVE NO. 3: Improve health status through access to quality primary health care

PROGRAM OUTCOME NO. 3.1 Increased equity of access and use of primary and preventive health services, including family planning	PROGRAM OUTCOME NO. 3.2 Improved sustainability of primary and preventive health services
Projects (Number\Title)	Projects (Number\Title)
527-0285 Child Survival Action	527-319 Strengthening Private Sector Health Institutions
527-319 Strengthening Private Sector Health Institutions	527-0326 Private Commercial Family Planning
527-0326 Private Commercial Family Planning	527-0335 Private Voluntary Sector Family Planning Services Expansion
527-0335 Private Voluntary Sector Family Planning Services Expansion	527-0366 Project 2000
527-0353 PVO Support	

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CENTRALLY FUNDED ACTIVITIES

598-0807	LAC Regional and Natural Resources Management and Technical Services Project (LAC TECH II)
OTR-0192	Agro-Processing and Trade Linkages (APT-Link)
(N/A)	Peru Family Planning Implementation Plan (PFPIP)

12/15/93

TABLE 2
USAID/PERU - PORTFOLIO FIT WITH PROGRAM PRIORITIES ($MILLION)

ECON GROWTH				ENVIRONMENT				POP & HEALTH				DEMOCRACY				OTHER			
A) Strong Fit	LOP	MRTG	FY 94	A) Strong Fit	LOP	MRTG	FY 94	A) Strong Fit	LOP	MRTG	FY 94	A) Strong Fit	LOP	MRTG	FY 94		LOP	MRTG	FY94
0349-Exp Trade & Dev	27.50	15.39		0780-Participatory Land Use	0.11	0.00	0.00	0386-Project 2000	30.00	22.09		0303-Adm of Justice (ESF)	4.01	0.00	0.00	0347-Narc Educ &	9.10	2.5	
0343-Policy An, Plan, Impl	7.15	0.50		0341-Empl & Nat Res Sust	3.60	0.00	0.00	0319-Str PS Health Inst	18.00	11.28		0772-Prv Sect Inst Ref (ILD)	11.29	1.61		Comm Initiat		0	
0244-Upper Huallaga Are De	31.25	0.00	0.00	0372-Int Pest Mngt for	0.70	0.00	0.00	0285-Child Surv Act Proj	19.00	0.00	0.00	PD&S-Lima Bar Civic Ed	0.22			0061-Spec Dev Act	2.2		
0353-PVO Support Project	12.24	9.24		Andean				0328-Prv Comm Fam Plan	5.00	0.00	0.00	PD&S-Governance	0.06			0365-Orphans &		0.0	
								0335-PVO Fam Pl Ser Exp	12.27	-		Study:NED				Displaced Children	0.2	0	
NGOs/PVOs	89.25%			NGOs/PVOs	100%			0353-PVO Support Project	1.36	1.03		0363-Elections Support				Title II			
Other	10.75%							NGOs/PVOs	41.14%			NGOs/PVOs	74.27%			NGOs/PVOs	100%		
PAAD I FY91 ESF								Other	58.86%			Other	25.73%						
Title III	50.0																		
B) Secondary Fit																			
0340-CLASP II	2.04	1.23						0340-CLASP II	0.68	0.41		0340-CLASP II	4.08	2.45					
0272-Priv Sect Mngt Impr	7.00	0.00	0.00					NGOs/PVOs 100%											
NGOs/PVOs	95.58%																		
Other	4.42%																		
Sub-Total (DA + ESF)	87.2	26.4	0.0		4.4	0.0	0.0		86.3	34.38	0.0		19.7	4.1	0.0		11.5	2.5	
Percent	42%	39%	ERR		2%	0%	ERR		41%	51%	ERR		9%	6%	ERR		6%	4%	

TOTAL LOP (Project DA and ESF): 209.06
TOTAL MORTGAGE ALL ACTIVITES: 67.71
PLANNED FY 94 OBLIGATIONS: 21.13 DA
47.00 ESF

C) Projects Under Design											
FY 94									FY 95		
PAAD II/III FY 93/94 ESF	37								0352-JUST	3.00	
		FY 95			FY 95				0356-Democ Initiatives	10.00	
		0368-Environ Mgt	11.0		0355-Family Planning	20			0371-Local Governments	5.00	

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Country: Peru
Data as of: 30 September 93
Date Completed: 22 December 93

1 PROJECT NO. AND NAME	2 DATE OF INITIAL OBLIGATION	3 PROJECT DESIGNATION (A,B,C)	4 STATUS OF CPs (Cite only if there are as yet unmet CP's older than 18 months)	5 SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated average annual obligations)	6 AGE OF PIPELINE (Cite if any obligation remains more than 50% unexpected 4 years after initial obligation)	7 ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 60% of planned)	8 UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	9 EOPS A. (Cite if mission believes there is little chance of achieving EOPS before current PACD)	10 EOPS B. (Cite if EOPS are being achieved at higer level or faster rate than planned)	11 AUDIT A. (Cite if financial audit has not been done in last 18 months)	12 AUDIT B. (Cite if there are unresolved IG recommendations older than six months)	13 EVALUATION A. (Cite if project has not been evaluated in last three years)	14 EVALUATION B. (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
527-0061 SPECIAL DEV. ACTIVITIES	6/63	A				X						X	
527-0303 ADMINISTRATION OF JUSTICE	6/86	B				XX				X		X	
527-0340 PERUVIAN PEACE SCHOLARSHIP (CLASP II)	9/92	B		X									
527-0347 NARCOTICS EDUCATION AND COMMUNITY INITIATIVES	9/92	A					X		X				
598-0772 PRIVATE SECTOR INSTITUTIONAL REFORM	3/89	A											
527-0244 UPPER HUALLAGA AREA DEVELOPMENT	9/81	A								XX			
527-0272 PRIVATE SECTOR MANAGEMENT IMPROV	9/85	A											
527-0282 AGRICULTURAL TECHNOLOGY TRANSFORMATION	9/87	C						X		X	X		
527-0326 ADRA/OFASA NUTRITION AND FOOD FOR WORK	9/88	A											
527-0330 CARE-FOOD ASSISTED INTEGRATED DEVELOPMENT	9/88	A											
527-0341 EMPLOYMENT AND NATURAL RESOURCE SUSTAINABILITY	9/91	B		X									
527-0343 POLICY ANALYSIS, PLANNING AND IMPLEMENTATION	9/90	C		XX		XX							
527-0344 ECONOMIC STABILIZATION AND RECOVERY PROGRAM	9/91	B				XX	X						

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Country: Peru
Data as of: 30 September 93
Date Completed: 22 December 93

1 PROJECT NO. AND NAME	2 DATE OF INITIAL OBLIGATION	3 PROJECT DESIGNATION (A,B,C)	4 STATUS OF CPs (Cite only if there are as yet unmet CP's older than 18 months)	5 SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated average annual obligations)	6 AGE OF PIPELINE (Cite if any obligation remains more than 50% unexpended 4 years after initial obligation)	7 ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 60% of planned)	8 UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	9 EOPS A. (Cite if mission believes there is little chance of achieving EOPS before current PACD)	10 EOPS B. (Cite if EOPS are being achieved at higer level or faster rate than planned)	11 AUDIT A. (Cite if financial audit has not been done in last 18 months)	12 AUDIT B. (Cite if there are unresolved IG recommendations older than six months)	13 EVALUATION A. (Cite if project has not been evaluated in last three years)	14 EVALUATION B. (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
527-0349 EXPORT, TRADE AND DEVELOPMENT	9/91	B		XX									
527-0353 PVO SUPPORT	9/92	B					X						
527-0365 DISPLACED CHILDREN	12/92	A											
527-0372 INTEGRATED PEST MANAGEMENT	09/93	B											
598-0780 FADEMAD	9/93	B											
968-2058 00 DROUGHT RELIEF ADRA/OFASA	9/92	B											
968-2058 01 DROUGHT RELIEF CARE	9/92	B											
968-2058 02 DROUGHT RELIEF CARITAS	9/92	B											
TITLE II	N/A	A											
TITLE III	N/A	A											
527-0285 CHILD SURVIVAL ACTION PROJECT	9/87	B	X	X		XX		X	XX	X	X		
527-0319 STRENGTHENING PRIVATE SECTOR HEALTH INST.	9/91	B		X			XX			X			
527-0326 PRIVATE COMMERCIAL FAMILY PLANNING	8/91	B		X		X							
527-0335 PRIVATE VOLUNTARY SECTOR FAMILY PLANNING	9/89	B		XX			X						
527-0366 PROJECT 2000	9/93	B											

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FINANCIAL SUMMARY OF USAID/PERU PORTFOLIO
(APR/1, 1993 THROUGH SEP/30, 1993)
($000)

(1) PROJECT NO.	(2) STRATEGIC OBJECTIVE PROGRAM/ PROJECT TITLE	(3) CATE-GORY	(4) DATE OF INIT. OBLIG.	(5) LAST REVISED PACD	(6) % OF LOP ELAPSED	(7) % OBLIG. EXPEND.	(8) AUTH. LOP AMOUNT	(9) CURRENT FY OBLIG. TO DATE	(10) CUMUL. AMOUNT OBLIG	(11) MORTGAGE	(12) BEGINNING FY PIPELINE	(13) PLANNED SEMESTER EXPEND.	(14) ACCRUED SEMESTER EXPEND.	(15) ACCRUED AS % OF PLANNED	(16) CUMULATIVE ACCRUED EXPEND.	(17) ENDING PIPELINE	(18) UNCOMMIT. BALANCE	(19) PLANNED EXPEND. (NEXT SEM.)
ACTIVE PROJECTS																		
S.O. # 1 Strengthened Democratic Institutions that Sustain Individual Rights and Freedoms and are Responsive to their Constituencies																		
5270061.00	G SPECIAL DEVELOPMENT ACTIVITIES	A	01-Jun-83	31-Dec-95	93.06%	98.02%	2,363	200	2,363	0	40	35	106	302.86%	2,269	94	0	74
5270003.00	G ADMINISTRATION OF JUSTICE	B	25-Jun-86	31-Dec-93	96.60%	69.90%	4,010	0	3,510	0 (*)	1,412	600	101	16.83%	2,454	1,056	747	600
5270340.00	G CLASP II	B	30-Sep-92	30-Sep-97	20.00%	15.26%	6,800	869	2,712	4,088	1,843	460	259	57.56%	414	2,298	0	236
5270347.00	G NARCOTICS EDUC & COMMUNITY INIT	A	30-Sep-92	29-Sep-97	20.00%	30.21%	9,100	2,800	6,600	2,500	3,800	1,187	1,025	86.36%	1,994	4,606	4,336 (****)	1,100
5900772.16	G PRIVATE SCTR INSTITUTNL REFORM	A	02-Mar-89	28-Feb-95	76.38%	85.81%	11,239	1,400	9,676	1,613	1,984	900	892	99.11%	8,303	1,373	374 (****)	990
S.O. # 2 Sustainable Economic Growth led by the Private Sector																		
5270244.00	G UPPER HUALLAGA AREA DEVELOP.	A	15-Sep-81	30-Jun-94	94.11%	69.06%	16,250	3,350	16,250	0	1,436	2,374	2,143	90.27%	14,619	1,631	1,494	1,631
5270244.00	L UPPER HUALLAGA AREA DEVELOP.	A	15-Sep-81	30-Jun-94	94.11%	99.91%	15,000	0	15,000	0	781	96	84	87.50%	14,988	12	7	12
5270272.00	G PRIVATE SECTOR MANAG. IMPROV.	A	30-Sep-85	31-Dec-93	96.96%	99.89%	7,000	0	7,000	0	133	0	37	0.00%	6,993	7	0	7
5270282.00	G AGRIC TECHNOLOG. TRANSFORMATIC	C	25-Sep-87	31-Aug-93	100.00%	97.37%	25,000	199	23,380	1,602 (***)	2,760	1,200	1,101	98.75%	22,783	615	200	
5270328.00	G OPG ADRA/OFASA NUTRIT&FOOD FAM	A	30-Sep-88	30-Jun-93	100.00%	100.00%	1,250	(3)	1,247	3	87	0	(3)	0.00%	1,247	0	0	
5270330.00	G FOOD ASSISTED INTEGRATED DEV.	A	27-Sep-88	30-Jun-93	100.00%	100.00%	728	0	728	0	15	6	6	100.00%	728	0	0	
5270341.00	G E.N.R.S. - TNC	B	30-Sep-91	30-Sep-95	50.00%	23.76%	3,800	1,475	3,600	0	2,017	528	457	86.56%	866	2,744	115 (****)	300
5270343.00	G POLICY ANALYSIS,PLNG,IMPLEMT.	C	29-Sep-00	30-Mar-95	66.66%	17.86%	7,150	3,000	6,646	504	3,017	870	416	47.82%	1,175	5,471	3,404	940
5270349.00	G EXPORT TRADE AND DEVELOPMENT	B	30-Sep-91	31-Mar-98	30.76%	12.14%	27,500	7,614	12,114	15,386	4,138	627	807	129.71%	1,471	10,643	6,188 (****)	2,000
5270363.00	G PVO SUPPORT	B	30-Sep-92	30-Sep-98	16.66%	24.80%	13,600	1,701	3,335	10,265	1,634	500	827	165.40%	827	2,508	105 (****)	0
5270365.00	G ORPHANS & DISP.CHILD. - AYACUCHO	A	08-Dec-92	30-Nov-93	81.81%	72.62%	200	200	200	0	0	76	87	114.47%	145	55	0	55
5270372.00	G INTEGRATED PEST MANAGEMENT	B	22-Sep-93	30-Sep-96	0.00%	0.00%	700	700	700	0	0	0	0	0.00%	0	700	0	132
5980780.00	G ENVIRONMENTAL SUPPORT PROJECT	B	30-Sep-93	30-Sep-95	0.00%	0.00%	109	109	109	0	0	0	0	0.00%	0	109	0	54
9992058.00	G ADRA/OFASA: SUPP.DROUGHT AREAS	B	30-Sep-92	30-Sep-93	100.00%	100.00%	1,243	0	1,243	0	1,243	393	393	100.00%	1,243	0	0	0
0992058.01	G CARE: SUPPORT DROUGHT AREAS	B	30-Sep-92	30-Sep-93	100.00%	100.00%	746	0	746	0	746	216	216	100.00%	746	0	0	0
0992058.02	G CARITAS: SUPPORT DROUGHT AREAS	B	30-Sep-92	30-Sep-93	100.00%	100.00%	832	0	832	0	832	82	82	100.00%	832	0	0	0
S.O. # 3 Improved Health Status through Access to Quality Primary Health Care																		
5270285.00	G CHILD SURVIVAL ACTION PROJECT	B	29-Sep-87	31-Dec-94	82.75%	57.80%	10,000	4,001	19,000	0	4,938	1,500	261	17.40%	10,983	8,017	5,822	1,500
5270319.00	G STRENGTHENING HEALTH INSTITUT.	B	30-Sep-91	31-Dec-99	24.24%	28.29%	18,000	1,385	6,741	11,259	4,860	1,000	661	66.10%	1,773	4,968	4,101 (****)	1,000
5270328.00	G PRV. COMMERCIAL FAM. PLANNING	B	30-Aug-91	30-Aug-98	41.66%	42.60%	5,000	2,496	5,000	0	1,577	600	613	102.17%	2,134	2,866	1,787 (****)	800
5270335.00	G FAMILY PLANNING SERV EXPANSION	B	22-Sep-89	28-Feb-94	90.59%	71.42%	12,270	470	10,477	0 (**)	5,170	1,550	1,604	103.48%	7,484	2,993	2,746 (****)	2,200
5270366.00	G PROJECT 2000	B	30-Sep-93	30-Sep-2000	0.00%	0.00%	30,000	7,915	7,915	22,085	7,915	0	0	0.00%	0	7,915	7,915	0
SUBTOTAL ACTIVE PROJECTS							238,740	39,881	187,142	69,305	52,387	14,790	12,235		106,461	80,681	39,341	13,431
ACTIVE PROGRAM																		
S.O. # 2 Sustainable Economic Growth led by the Private Sector																		
5270344.00	G ECON STABILIZATION & RECOVERY	B	30-Sep-91	30-Sep-94	69.00%	40.00%	50,000	0	50,000	0	30,000	30,000	0	0.00%	20,000	30,000	30,000	30,000
SUBTOTAL ACTIVE PROGRAM							50,000	0	50,000	0	30,000	30,000	0		20,000	30,000	30,000	30,000
TOTALS							288,740	39,881	217,142	69,305	82,387	44,790	12,235		126,461	90,681	69,341	43,431

(*) LOP INCLUDES OYB TRANSFER OF $500,000 PROVIDED DIRECTLY TO ICITAP
(**) LOP INCLUDES OYB TRANSFER OF $1,783,000 PROVIDED TO RD/POP/CPSD FOR CONTRACEPTIVE PROCUREMENT
(***) THIS AMOUNT REPRESENTS DEOBLIGATION OF UNUSED PROJECT BALANCE AS OF SEPTEMBER 30, 1993
(****) HB13 GRANTS & COOPERATIVE AGREEMENTS (FOR REFERENCE ONLY)

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PIPELINE ANALYSIS
USAID/PERU
SEPTEMBER 30, 1993

PROJECT NO. (1)	PROJECT TITLE (2)	CUMULATIVE OBLIGATIONS (3)	FY OBLIGATIONS (4) 1985	1986	1987	1988	1989	1990	1991	1992	1993	PIPELINE (5)	PIPELINE (6) 1985	1986	1987	1988	1989	1990	1991	1992	1993
	ACTIVE PROJECTS																				
5270061.00 G	SPECIAL DEVELOPMENT ACTIVITIES	2,363	1,598	83	84	99	99	100	100		200	94									94
5270244.00 G	UPPER HUALLAGA AREA DEVELOP.	16,250	3,000	5,400		500	1,300	1,500	1,200		3,350	1,631									100.00 %
5270244.00 L	UPPER HUALLAGA AREA DEVELOP.	15,000	15,000									12	12								1,631
5270272.00 G	PRIVATE SECTOR MANAG. IMPROV.	7,000	1,475	1,750	720	152	740	671	1,175	317		7	100.00 %								100.00 %
5270285.00 G	CHILD SURVIVAL ACTION PROJECT	19,000			2,600	5,114	3,269			4,016	4,001	8,017								7	
5270303.00 G	ADMINISTRATION OF JUSTICE	3,510		1,000	850	500	500			660		1,056								100.00 %	
5270319.00 G	STRENGTHENING HEALTH INSTITUT.	6,741							3,025	2,331	1,385	4,958								4,015	4,001
5270326.00 G	PRIV. COMMERCIAL FAM. PLANNING	5,000							604	1,900	2,496	2,866								50.08 %	49.91 %
5270335.00 G	FAMILY PLANNING SERV EXPANSION	10,477					2,217	6,521		1,269	470	2,993					396			660	
5270340.00 G	CLASP II	2,712								1,843	869	2,298					37.52 %			62.47 %	
5270341.00 G	E. N. R. S. - INC	3,600							2,125		1,475	2,744							1,252	2,331	1,385
5270343.00 G	POLICY ANALYSIS,PLNG,IMPLEMT.	6,646						1,186	2,460		3,000	5,471							25.20 %	46.91 %	27.87 %
5270347.00 G	NARCOTICS EDUC.&COMMUNITY INIT	6,600								3,800	2,800	4,606								370	2,496
5270349.00 G	EXPORT TRADE AND DEVELOPMENT	12,114							4,500		7,614	10,643						1,254		12.90 %	87.09 %
5270353.00 G	PVO PROGRAM SUPPORT	3,335								1,634	1,701	2,507						41.90 %		1,269	470
5270365.00 G	ORPHANS & DISP.CHILD.-AYACUCHO	200									200	55								42.39 %	15.70 %
5270366.00 G	PROJECT 2000	7,915									7,915	7,915								1,429	869
5270372.00 G	INTEGRATED PEST MANAGEMENT	700									700	700								62.18 %	37.81 %
5980772.16 G	PRIVATE SCTR.INSTITUTNL.REFORM	9,676					1,800	2,289	2,387	1,800	1,400	1,372							1,269		1,475
5980780.00 G	ENVIRONMENTAL SUPPORT PROJECT	109									109	109							46.24 %		53.75 %
9682058.00 G	ADRA/OFASA: SUPP.DROUGHT AREAS	1,243								1,243								11	2,460		3,000
9682058.01 G	CARE: SUPPORT DROUGHT AREAS	746								746								.19 %	44.96 %		54.83 %
9682058.02 G	CARITAS: SUPPORT DROUGHT AREAS	832								832										1,806	2,800
	SUBTOTAL ACTIVE PROJECTS	141,769	21,073	8,233	4,254	6,365	9,925	12,267	17,576	22,391	39,685	60,066	12				396	1,265	8,011	12,694	37,688
													.02 %				.76 %	2.42 %	15.36 %	24.34 %	62.74 %

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PIPELINE ANALYSIS
USAID/PERU
SEPTEMBER 30, 1993

PROJECT NO. (1)	PROJECT TITLE (2)	CUMULATIVE OBLIGATIONS (3)	FY OBLIGATIONS (4) 1985	1986	1987	1988	1989	1990	1991	1992	1993	PIPELINE (5)	PIPELINE (6) 1985	1986	1987	1988	1989	1990	1991	1992	1993
ACTIVE PROGRAM																					
5270344.00 G	ECON.STABILIZATION & RECOVERY	50,000							50,000			30,000							30,000 100.00 %		
SUBTOTAL ACTIVE PROGRAM		50,000							50,000			30,000							30,000 100.00 %		
T O T A L S		191,769	21,073	8,253	4,254	6,365	9,925	12,267	67,576	22,391	39,685	90,066	12 .01 %				396 .48 %	1,265 1.53 %	38,011 46.26 %	12,694 15.45 %	37,688 41.84 %

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STRATEGIC

OBJECTIVE 1

PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A_x_ B__ C__

IA. BACKGROUND DATA

Project Title: Special Development Activities Fund (SDAF)
Project Number: 527 - 0061
Date of Authorization: original 06/01/63
Date of Obligation: original 06/01/63 amendment annually since 1963
PACD: yearly SDAF program 09/30/94
Implementing Agencies:
1. Various agencies (FY 63 - FY 89)
2. Fe y Alegría (FY 90 - FY 91)
3. Low-income communities and grassroots organizations (FY 93)
Major Contractors: N/A
AID Project Manager: Verónica de Ferrero, Chief, Training and Social Development Division
Status of CPs/Covenants: N/A
Date of Last Evaluation: 1984 Next Evaluation: Anticipated 3/94
Planned Number of Non-Federal Audits during Fiscal Year: ONE
The Number of such Audits Contracted for/Completed: ONE
Date of Last Audit: NONE Next Audit: 12/31/92 NFA RIG/A/SJ managed

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	$	200,000
Amount Obligated:	DA/ESF Grant: amended	$	200,000
Amount Committed:	Period:	$	200,000
	Cumulative:	$	200,000
Accrued Expenditures:	Period - Projected:	$	35,000
	Period - Actual:	$	105,939
	Cumulative:	$	105,939
	Period - Next:	$	74,000
Counterpart Contribution:	Planned:	$	60,000 (in kind/cash)
	Actual:	$	30,000

% LOP Elapsed:	30.00%*
% of Total Auth. Oblig.	100.00%
% of Total Oblig. Exp.	53.00%
% of Total Auth. Exp.	53.00%

* All '93 projects to be completed by August 1994.

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

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

Percent of LOP Funds Relating to Strategic Objectives: No. 1: 73%
No. 2: 27%

IIB. PROJECT PURPOSE

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

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

III. PROJECT DESCRIPTION

Since the inception of the SDAF program in 1963, 834 small projects in marginally-urban and rural areas throughout Peru have been financed for a total of approximately $2.3 million. From inception through 1989, the SDAF program was managed directly by USAID through grant agreements with community-based organizations and/or intermediary organizations, working directly with grass-roots organizations nationwide. In FYs 90 through 92, the SDAF program was managed through Cooperative Agreements with the local organization Fe y Alegría, a leading Peruvian PVO engaged in vocational training programs and community development initiatives at a national level. Beginning in FY 1993, the SDAF program management returned to the Mission's Office of Democratic Initiatives and Training (ODIT).

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The FY 93 SDAF program supported eighteen small projects submitted by low-income communities from marginally-urban and rural areas. It contributed to dynamic self-help community development activities in the areas of agriculture, rural development, access to basic social services such as education, rural electrification, water and sanitation, health and nutrition, income-generating activities, environmental protection and appropriate technology. All of the program's activities have a very high level of sustainability because of the very nature of the activities which involve self-help and community-based "trickle-up" initiatives. Community participation and cohesiveness are integral aspects of all of the projects' design and implementation.

IV. PROJECT STATUS

The FY 93 SDAF program permitted the Mission to respond very quickly to diverse small projects and activities proposed by low-income groups. Eighteen small projects were approved through individual, streamlined Cooperative Agreements with representatives of these groups located in areas of acute poverty such as Cañete, Puno, Tarapoto, Huancayo, Cusco and Huancavelica. Through the SDAF grants, USAID established community networks with regional areas that were not easily accessible because of the long-running Peruvian security situation, such as Huancavelica and Yauyos, in the highlands of Lima. A long-running Technical Selection Committee was actively involved in the evaluation and selection of these projects including, among others, support to municipal development needs in the area of Cusco through a small grant to complete rural electrification services, and support to women's self-sufficiency aspirations through several projects targetted for street food vendors in Lima and Cañete.

Funds were granted in amounts between $2,950 and $19,550 and the average grant size was $11,000. Approximately 50% of the total FY 93 obligation was disbursed during the reporting period, and all approved projects started implementation of their planned activities during the period.

A. EOPS

Planned EOPS	Progress to Date
To respond to community-based/self-help initiatives by supporting small developmental activities which are worthwhile, sustainable and have an immediate impact in low-income communities countrywide.	From a wide universe of proposals, eighteen small projects were selected and approved with an average grant per project of $11,000. Obligation of the total $200,000 fund was accomplished before the end of FY 93.

B. Major Outputs

As previously stated, all of the eighteen small projects are worthwhile and sustainable activities with a high component of women's involvement. However, it is relevant to mention that this year's program was able to support important initiatives in areas formerly affected by terroristic activities and where abject poverty is a major constraint for development. Such are the cases of two educational projects directed to youth in Yauyos, a rural district of Cañete, and to rural children in Huancavelica. Innovative proposals such as appropriate technology applied to satisfy low-income groups' urgent needs and to promote environmental conservation were also approved, e.g. provision of water through large catchment-of-fog screens "atrapanieblas" in the community of Llanavilla.

Out of the FY 93 $200,000 budget, $158,550 were obligated as of June 30, 1993. Although the Mission was affected by sanctions thereafter, a waiver was approved to support proposals submitted by NGOs. This permitted the approval of three additional projects totalling $41,450, thereby successfully completing the total planned obligation.

C. Overall Status and Other Accomplishments

- The project continues to be one of USAID's most successful high-impact, low-cost programs which receives significant television and newspaper coverage.

- Individual Cooperative Agreements between USAID and SDAF beneficiaries were signed in four ceremonies held during this reporting period. These signing ceremonies were attended by representatives of USAID's technical offices and a large number of TV stations.

- Remaining activities under Cooperative Agreements with Fe y Alegria were completed and the project was closed-out.

- Audit of the two Cooperative Agreements with Fe y Alegria is being carried out by the local firm KPMG Oscar Caipo y Asociados since July 6, 1993. Audit termination date is scheduled for November 5, 1993.

D. Problems and Delays

- No significant problems and delays have been identified during the reporting period under the FY 93 SDAF program.

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

- A new Mission Order on the SDAF program will be issued by January 31, 1993 to formalize the policy and guidelines contained in the approved Action Memorandum dated February 25, 1993.

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- The inauguration by the Mission Director of the FY93 rural electrification project for the Community of Chuso in Chinchero, Cusco will be held by the end of November 1993.

- The Technical Selection Committee will continue its evaluation and selection process for previously submitted and anticipated proposals for FY94 funding.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A ___ B X C ___

I.A. BACKGROUND DATA

Project Title: Administration of Justice (AOJ)
Project Number: 527-0303
Date of Authorization: original 06/24/86 amendment 09/29/92
Date of Obligation: original 06/25/86 amendment 09/30/92
PACD: original 12/31/87 amendment 06/30/94
Implementing Agencies: Formerly implemented by Ministry of Justice, Public Ministry, and Judicial Branch; since September 30, 1992, implemented by USAID
Major Contractors: None
AID Project Manager: Edith Houston
Status of CPs/Covenants: CPs: satisfied or on track; Covenants on track
Date of Last Evaluation: 10/93 (lessons learned) Next Evaluation: June 1994
Planned Number of Non-Federal Audits during Fiscal Year: 1
The Number of such Audits Contracted for/Completed: 1
Date of Last Audit: 09/30/92 Next Audit: Future audits only for local contracts in excess of $25,000

I.B. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	$ 1,000,000	amended to $ 4,010,000
Amount Obligated:	DA/ESF Grant: original	$ 1,000,000	amended to $ 3,510,000*
Amount Committed:	Period:	$ 277,191	
	Cumulative:	$ 2,763,461	
Accrued Expenditures:	Period - Projected:	$ 600,000	
	Period - Actual:	$ 101,570**	
	Cumulative:	$ 2,453,569***	
	Period - Next:	$ 600,000	
	Outstanding advance:	$ 134,796	
Counterpart Contribution:	Planned:	$ 2,500,000	in cash
	Actual:	$ 2,337,469	(as of June 30, 1993)

% LOP Elapsed:	91.00%
% of Total Auth. Oblig.	100.00%
% of Total Oblig. Exp.	74.00%
% of Total Auth. Exp.	74.00%

* Plus $500,000 obligated through State/ARA to Department of Justice/ICITAP
** $64,230, the total amount of unliquidated advances for which the three GOP recipient agencies are being presented with bills for collection, has been discounted from actual accrued expenditures for this period. Furthermore, these figures do not include ICITAP expenditures.
*** $1,056,431 pipeline includes $467,033 in funds committed through PIOs, but not yet expended, and $134,796 in outstanding advances. Actual unearmarked balance available during 9 remaining months of LOP, then, is $420,960.

II.A. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project supports Strategic Objective No. 1: Strengthened democratic institutions that sustain individual rights and freedoms and are responsive to their constituencies. This activity supports the objective by providing technical assistance and training for 3 primary legal institutions.

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

II.B. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

USAID's leadership and support in this sector is unsurpassed within the donor community. The Project has contributed significantly to setting the groundwork and facilitating the judicial reform process now underway in Peru. Its major achievements to date are the following: 1) establishment of 31 Legal Aid Offices in the country, which have increased access to the judicial system by the citizenry; 2) establishment of two training institutions, one each for judges and prosecutors, in which approximately 1025 prosecutors and 465 judges have been trained; 3) the implementation of pilot courses for the new, consolidated Judicial Academy, which have contributed to increased professionalism in the judicial sector; 4) design and application of pilot projects for manual case tracking and information systems for judges and prosecutors, and the installation of a fully-automated case-tracking system in 35 prosecutors' offices in Lima, which have helped the Public Ministry (containing the Attorney General's Office) and the courts manage their case loads in a more efficient manner; 5) establishment of a National Registry of Detainees (through a Cooperative Agreement with ILANUD), thus helping the Public Ministry better defend the rights of the detained and reduce significantly the number of "disappearances;" 6) reorganization and streamlining of the Public Ministry, together with the

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evaluation of all personnel in the Public Minintry; 7) design and implementation of the newly mandated Office of the Court Administrator in the Judicial Branch, to improve the administration of this branch of the GOP; and 8) completion of a number of specialized studies, including a major Judicial Sector Assessment conducted in 1991, that present specific proposals for judicial reform, several of which have since been implemented.

IV.A. EOPS

	Planned EOPS	Progress To Date
1.	High priority areas have been selected for continued action and the most effective strategies and methodologies have been defined.	The selected priority areas are: (1) management and legal information systems; (2) professional and administrative training; (3) human rights-related activities; and (4) public legal services. Judicial Sector Strategy draftsd.
2.	Each institution's administrative information system has been streamlined and basic data have been consolidated and computerized.	A management information system with judicial statistics, case-flow management, and personnel management components was successfully tested in fourteen courts in Lima. A fully-automated case-tracking system was also installed in 35 prosecutors' offices in Lima and, before the PACD, will be adapted to the Judicial Branch on a pilot basis.
3.	A computerized database system for judicial statistics has been partially implemented and detailed plans elaborated for its completion.	A statistics system has been developed for the Judicial Branch under the "court management activity" to measure, inter alia, output, court pressure points, and time standards.
4.	A computerized index for all legislation has been designed and partially implemented.	The Judicial Sector Assessment recommended that small legal libraries be installed as more economical and accessible alternatives to a computerized index.
5.	There are ongoing training programs for sector personnel and each institution has developed a medium term training plan based on an assessment of training needs and its experience with courses financed by the Project.	Training programs have been created in the Judicial Branch and the Public Ministry. Curriculum development and programs to train prosecutors and judges are being refined to be incorporated into the new Judicial Academy.
6.	Office equipment has been provided to provincial courts and public prosecutors' offices in accordance with plans for up-grading material resources.	Office equipment and furniture for public prosecutors' offices of the provinces has been purchased and installed. The equipment purchased for the Judicial Training Academy of the Judicial Branch has been installed. The Training Academy of the Public Ministry was inaugurated with equipment and furniture purchased under the Project. The Legal Aid Offices received a complete set of furniture in order to set up their offices in provinces and in poor urban areas of metropolitan Lima.
7.	Wide support for the program has been generated within the GOP and society at large. One concrete indicator is relative increase in the budgets of the Judicial Branch and Public Ministry.	Judicial Branch budgets have historically been far below its minimum requirements. The new Court Administrator is lobbying the unicameral Congress (CCD) to increase its 1994 budget, which he says will pay for only 27 percent of requirements of the Judicial Branch. USAID is also supporting efforts to increase Public Ministry budget to levels that will enable it to fulfill its increased responsibilities under the new Criminal Procedures Code.
8.	There is a completed sector assessment providing baseline data and a full analysis of sector problems.	The Catholic University and ESAN business school carried out the Judicial Sector Assessment. A team of experts from these two institutions focused mainly on three components (1) criminal judicial process; (2) court organization and administration; and (3) judicial information management system needs. Baseline data was also developed in 1993 by the local firm, APOYO, S.A.
9.	There is a fully-functioning National Registry of Detainees.	NRD as designed now exists; quantity and quality of its data is being improved and the NRD will become fully operational under an extension of the Cooperative Agreement with ILANUD from December 31, 1993 to June 30, 1994, now financed with AOJ Project funds (originally PS&S-funded).

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10.	There is an improvement of the administrative management in the Judicial Branch and the Public Ministry.	Office of Court Administrator in Judicial Branch was created in 1992 by Decree Law, then designed and put into initial operation with technical assistance funded by Project. PD&S grant funds to UNDP will provide technical support to this office through April 1994.

IV.B. Major Outputs

		Planned				Accomplished		
		LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
	MINISTRY OF JUSTICE							
1.	Number of users at enhanced legal library	3,000	500	2,500	500	500	2,500	83%
2.	Number of volumes at enhanced legal library	1,000	300	600	300	50	600	60%
	PUBLIC MINISTRY							
3.	Development and use of operational manuals for application of new Criminal Procedures Code	100%	30	50%	20%	20	40%	40%
4.	National Registry of Detainees established	100%	10%	90%	10%	10%	80%	80%
5.	Percentage of cases of "disappearances" resolved by the Human Rights Special Prosecutor's Office	100%	50%	23%	60%	58%	24%	N.A.
6.	Number of prosecutors trained	950	60	1145	120	60	1025	108%
7.	Number of courses	40	6	80	6	6	74	185%
8.	Percentage of Lima Prosecutors' Offices with Case Tracking System	100%	0%	100%	0%	20%	100%	100%
	JUDICIAL BRANCH							
9.	Development and use of operational manuals for application of new Criminal Procedures Code	100%	30	50%	20%	20	40%	40%
10.	Number of judges trained in academic courses	600	120	645	120	60	465	77.5%
11.	Number of Lima Courts implementing Case Tracking System	40	30	40	20	0	10	25%

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12.	Financial and personnel systems designed and implemented	100%	0	100%	0	0	100%	100%
	NATIONAL POLICE							
13.	Development and use of operational manuals for application of new Criminal Procedures Code	100%	30	50%	20%	20	40%	40%
14.	National Registry of Detainees established	100%	20%	90%	10%	10%	80%	80%

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IV.C. Overall Status and Other Accomplishments

The implementation of Project activities has undergone a major transformation since the signing of Amendment No. 4, which transferred project implementation responsibilities to USAID, in September 1992. The activities described for the current period, along with those carried out in the previous period, i.e. the contract with ESAN and Catholic University for the reorganization of the Public Ministry, are indicative of the willingness of GOP institutions to take President Fujimori's judicial reform efforts seriously and translate them into initiatives that lead to tangible results. Among the most significant results are: Public Ministry staff reductions -- for the first time through the administering of standardized exams -- of incompetent and inefficient prosecutors and administrative personnel, and the establishment of a plan to hire more competent personnel as delineated by new personnel handbooks; and the establishment of the Office of the Court Administrator, elevating the importance of sound administrative management principles for the first time in the history of the Peruvian court system. The establishment of an Inter-institutional Commission for the Application of the New Criminal Procedures Code, and its implementation of a variety of activities to promote the new Code, including two major training activities for judges and prosecutors, is a major step toward an effective execution of the new, U.S.-style Criminal Procedures Code. In addition, a private sector organization -- the Lima Bar Association -- had the opportunity to influence the constitutional reform process during a three-day conference on "Judicial Reform and the New Constitution," which made a significant contribution to the debate on the judiciary articles of the draft Constitution. Finally, the recent contracting of a local firm will improve the Public Ministry's case-tracking system and replicate it through a pilot activity in the Judicial Branch in an effort to streamline case processing in the court system.

A "lessons learned" Project evaluation was also completed during the period, which highlights the importance of local political events and the evolutionary nature of AOJ Project design in implementation levels. A final impact evaluation will be completed in June 1994, and will be used, along with JUST Project evaluation, in the design of a larger follow-on judicial sector project.

Bills for collection for all unsubstantiated expenses and unliquidated advances to the Ministry of Justice, Public Ministry, and Judicial Branch have been issued, thus closing all outstanding RIG audit recommendations. A full examination of documents pertinent to unliquidated advances from the now-defunct Coordinating Office has also been completed.

A no-cost, six-month extension of the PACD (until June 30, 1994) was processed in early October in order to proceed with important ongoing Project activities, close-out certain Project activities in an orderly fashion, and provide continuity with the JUST Project, whose anticipated FY93 obligation was deferred until early FY94.

Women in Development: Fully 70 percent of the public prosecutors in the Project's most important beneficiary, the Public Ministry, are women. This includes the Attorney General, the highest-ranking woman in the GOP at the present time. Also, the Vice Minister of Justice is a woman.

IV.D. Problems and Delays

A timely finalization of the JUST PP and Project obligation are essential in order to maintain USAID's critical engagement in the judicial sector.

No Operating Plans for calendar year 1993 were presented by Ministry of Justice. The Ministry's inability to satisfy this Covenant precluded its receipt of Project assistance in 1993. Project officers will be working with Ministry of Justice personnel in an effort to develop Operating Plans for anticipated 1994 assistance for Free Legal Assistance for the Poor.

A memorandum to the Controller's Office will assist in the reconsideration of expenses with the purpose of resolving all outstanding advances to the Coordinating Office.

The unanticipated departure of ILANUD director and delay in securing his successor have contributed significantly to delay in the full institutionalization of the National Registry of Detainees.

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

-- Major Project activities anticipated during the next six months include: 1) a variety of activities to promote the new Accusatorial Criminal Procedures Code, including the sponsoring of a major international conference and the drafting of an operations manual for prosecutors;

2) the improvement and expansion of the case-tracking system in the Public Ministry and Judicial Branch; 3) training and technical assistance to the Ministry of Justice to develop its capacity to provide Free Legal Assistance for the Poor; and 4) the National Registry of Detainees becoming fully operational.

-- Two very important complementary PD&S-financed activities in the judicial sector -- technical assistance through the UNDP to the Office of the Court Administrator and a sizeable civic education pilot activity being implemented by the Lima Bar Association -- will be managed by the Democratic Initiatives Division.

-- The Cooperative Agreement with ILANUD to develop the NRD will be extended for 6-month period, and new project director will be fielded by ILANUD.

-- A PIL will request GOP concurrence with PACD extension, and three personal service contracts for AOJ Project Coordinator, Advisor, and Secretary will be extended.

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IA. BACKGROUND DATA

Project Title: CLASP II (Peruvian Peace Scholarship Project)
Project Number: 527-0340
Date of Authorization: original 5/30/91
Date of Obligation: original 9/30/92
PACD: original 9/30/97
Implementing Agencies: National Association of the Partners of the Americas (NAPA)
Major Contractors: NAPA
AID Project Manager: Veronica de Ferrero, Chief, Training and Social Development Division
Status of CPs/Covenants: Contract/All provisions on track
Date of Last Evaluation: None Next Evaluation: October 94
Planned Number of Non-Federal Audits during Fiscal Year: ONE
The Number of such Audits Contracted: ONE
Date of Last Audit: NONE Next Audit: 12/31/93 - OMB-A-133 audit: FA/OP responsibility

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	$	6,800,000
Amount Obligated:	DA/ESF Grant: original	$	2,711,668
Amount Committed:	Period:	$	869,000
	Cumulative:	$	2,711,668
Accrued Expenditures:	Period - Projected:	$	450,000
	Period - Actual:	$	259,064
	Cumulative:	$	413,898
	Period - Next:	$	236,000
Counterpart Contribution:	Planned:	$	260,600 (in cash)
	Actual:	$	N/A
% LOP Elapsed:	19.67%		
% of Total Auth. Oblig.	39.87%		
% of Total Oblig. Exp.	15.26%		
% of Total Auth. Exp.	6.08%		

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This project directly supports all three of the Mission's Strategic Objectives by providing long and short-term training for previously under-represented groups of Peruvian society in areas specifically addressed by our program. In fact, the PPSP's goal is to promote broad-based economic and social development in Peru by encouraging and strengthening free enterprise economies and democratic pluralism.

Percent of LOP Funds Relating to Strategic Objectives:

No. 1: 60%
No. 2: 30%
No. 3: 10%

IIB. PROJECT PURPOSE

To equip a broad base of leaders and potential leaders in Peru with technical skills, training, and academic education, and an appreciation and understanding of the workings of a free enterprise economy in a democratic society.

III. PROJECT DESCRIPTION

The PPSP will provide technical and academic training programs in the U.S. to approximately 302 emerging leaders, with special attention to women, and in areas to be determined as a function of the developmental priorities identified through the PPSP's Social Institutional Framework (SIF) and the Mission's current Strategic Objectives. All PPSP training includes technical skills enhancement, leadership skills development and an Experience America program. The PPSP also includes a Follow-On Program in which returned scholars are provided support through regional, technical workshops in which they will upgrade their leadership and technical skills, small project assistance, an Alumni Association and other complementary follow-on activities. The training to be provided will make a substantive contribution to the scholar's ability to exercise significant leadership at the community and regional levels. A secondary objective is to strengthen the national network of USAID/Peru returned participants through the Alumni Association.

Training in the U.S. will range from academic and technical studies at specialized training institutions, community colleges, and universities to observation trips and hands-on participatory experiences to enable the participants to bring about change in their communities and institutions.

In accordance with the AID/W CLASP policy, a minimum of 70% of the participants will be socially and/or economically disadvantaged, 40% will be women, at least 20% of the participants will attend long-term training programs (i.e. more than nine months), and a

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minimum of 10% will attend programs at Historically Black Colleges and Universities (HBCU's). Approximately 204 participants will attend short-term training programs, 44 participants will attend nine months technical training programs and 18 participants will have access to academic degree programs of two-years duration.

IV. PROJECT STATUS

Most of this period was devoted to the start-up of the planned training activities and overall take-off of the major project components, such as the identification of priority sectors for training, design of training programs, selection of participants and implementation of the pre-departure orientation programs, U.S. placement coordinations, and debriefings for returned participants.

The FY93 training agenda encompassed the following short-term technical programs: a) Decentralized Management of Health Services, targetted for 15 Hospital Directors working at the MOH and IPSS hospitals nationwide, b) Public Management of Local Governments targetted for 15 provincial Mayors of urban and rural areas, and c) Administration of Justice, a training program targetted for legal prosecutors and judges. However, this program had to be postponed until FY 94 because the process of official appointment for both legal prosecutors and judges had not been completed by the new Peruvian Congress.

The selection process for the training institutions for the first two programs was completed, resulting in the selection of the Western Consortium for Public Health (WCPH), headquartered in Santa Cruz, California, to implement the program for the Hospital Directors. The actual training, however, was conducted in Los Angeles, CA in conjunction with the UCLA School of Public Health and the Rand Corporation. The Institute for Training and Development in Tucson, Arizona was selected for the Mayors' program.

For the first program, a total of 65 applications were received from the Ministry of Health (MOH) and the Instituto Peruano de Seguridad Social (IPSS). Fifty potential candidates were interviewed and evaluated from the following geographic areas: La Libertad, Piura, Lambayeque, Ancash, Ica, Loreto, among others. The Selection Committee met in early May to conduct the final evaluation and selection of the fifteen Hospital Directors (13 male and 2 female) from different cities in the coastal, Andean and jungle regions. The universe of women Hospital Directors and potential candidates for this program was very low. Unfortunately, this situation is indicative of the traditional lack of women's access to positions of authority regularly occupied by men. However, both the selected women had high leadership abilities, and one of them was discussed as a future Minister of Health.

While not an unanimous opinion, this training program cannot be considered as a totally successful one, as reflected by the criticisms raised by the returned scholars during their one-day debriefing in Lima. The quality and contents of the program did not meet their expectations and there were clear deficiencies that were documented and discussed with NAPA/Washington representatives and the RCO.

The second group was the 15 provincial Mayors, most of whom had an outstanding leadership tradition in their communities. A total of 56 applications for this program were received by the NAPA/Lima office; the joint NAPA/USAID Selection Committee met on July 13 and selected the 15 participants to attend a six-week program in the U.S. These scholars departed for training on September 17 and returned on October 31st. The selection of this program responded to the Mission's efforts to support the strengthening of leadership abilities at the local and regional levels of Peru. The Institute for Training and Development (ITD) in Tucson, Arizona was selected as the training provider because of their managerial expertise in programs of this nature. This was the first time that USAID/Peru sponsored a group of elected local authorities to attend a six-week tailor-made program in the U.S. Lessons learned will contribute to future Mission efforts in assisting local governments to develop their managerial capacity for self-sufficiency and decentralization projects.

The Institute for Training and Development (ITD) in Tucson, Arizona, was also selected as the training provider for the second short-term technical training program on Public Management of Local Governments targetted for Peruvian provincial Mayors. This second program targetted for provincial Mayors was innovative and a first one of its nature in Peru. It was also consistent with current efforts to assist local governments to strengthen their managerial capacity for self-sustainment and decentralized management of their Municipalities. A total of 56 applications for this program were received by the NAPA/Lima office and the joint NAPA/USAID Selection Committee met on July 13 and selected a total of 15 participants to attend a six-week program in the U.S. These scholars departed for training on September 17, 1993 and will return to Peru on October 31st.

A five-day pre-departure orientation program was conducted by NAPA for each one of the two groups departing for training. Scholars were briefed on the USAID programs in Peru and on specific programmatic and financial areas of their impending program in the U.S., including English survival training.

NAPA/Washington received approval from the USAID/Quito Regional Contracts Office for the LASPAU subcontract to manage the academic programs under the project. The Mission subsequently approved the FY 94 training areas for academic placement; a total of ten scholarships will be awarded as follows: four in economics, four in education and democracy/human rights and two in public administration. In June, a total of 115 letters were sent to academic institutions and private entities inviting them to present candidates for these ten scholarships. However, the response was quite limited and, upon our request, the NAPA field office granted an extension until mid-November for the receipt of applications to improve and increase the universe of candidates.

The five-year Follow-On Program Plan was submitted by NAPA for USAID's approval in mid-June and a revised version in August. However, final approval is still pending because the

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strategy proposed did not conform to the Mission's technical views and ongoing activities implemented through the USAID/Peru Alumni Association (ABEUSA) which had already received direct USAID grant assistance.

As detailed above, this was a strong take-off period for the project but one marked by unexpected contractual limitations in the areas of training design, Follow-On strategy, quality of the U.S. program for hospital Directors and other complementary aspects of the FY 93 agenda. Problems faced during this period required specific attention by the NAPA/Washington Project Director. Corrective measures were established through a three-month plan of action in the areas related to communications with the Mission, the submission of a revised Follow-On Program strategy reflecting our technical directions, a new strategy for debriefing returned participants and a more aggressive strategy for recruitment of academic scholars. The NAPA/Lima team leader resigned and efforts were made to select a new field office Director.

A. EOPS

Planned EOPS	Progress to Date
1. By the end of September 1997, 302 scholars for training in the U.S. and in the key developmental sectors identified in the Mission's SIF and its revised Strategic Objectives.	1. By the end of FY 93, thirty scholars departed for training as follows: 15 Hospital Directors attended a short-term program in health conducted by the Western Consortium for Public Health in Los Angeles. 15 provincial Mayors departed for training in Public Administration in Tucson, Arizona. A third program in the area of AOJ was postponed to FY 94. Thus, the planned 45 participants for FY 93 was not achieved. The FY 94 Training Plan was submitted for Mission review.
2. 70% of trainees should be socially and/or economically disadvantaged.	2. Over 70% of the trainees selected were socially and economically disadvantaged.
3. 40% of trainees should be women.	3. Out of the 30 participants selected for training, four were women -- two Hospital Directors and two provincial Mayors. This relatively low rate of women candidates is explained by the traditionally limited access Peruvian women have to authorative positions such as Hospital Director and Provincial Mayor.
4. 20% of trainees should attend long-term training programs.	4. N.A. The long-term training program is planned to commence in FY 94.
5. Follow-On Program strategy clearly articulated and implemented.	5. The strategy submitted was not approved and required further revision. Final revised version will be submitted in first quarter of FY 94.
6. Develop and implement strategy to achieve Historically Black Colleges and Universities (HBCUs) 10% enrollment target.	6. RFP's for both of the FY 93 training programs were disseminated to HBCU's. However, no proposals were submitted by these institutions.

B. Major Outputs

	Actual		Planned			
	FY 93	FY 94	FY 95	FY 96	FY 97	Total
1. Short-term technical training (*)	30	75	60	60	15	240
2. Long-term technical training	-	22	-	22	-	44
3. Academic training	-	10	8	-	-	18
TOTAL	30	107	68	82	15	302

(*) A FY 93 short-term training program in the area of AOJ was postponed for FY 94. Thus, 30 participants departed for training and not 45 as planned.

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C. Overall Status and Other Accomplishments:

As a result of the above issues and lessons learned throughout this period, there have been corrective measures taken by NAPA to assure that activities in the U.S. and in-country are implemented in accordance with contractual expectations. In the short-term, a more aggressive strategy is being undertaken to recruit applicants for the ten academic scholarships to be awarded in the areas of economics, education and public administration. Additionally, a more direct monitoring strategy was put in place for the ongoing training program attended by the 15 provincial Mayors. This program is being successfully managed and reports received show high levels of scholars' satisfaction with both the programmatic aspects and Experience America activities.

The FY 94 training agenda is under evaluation in order to identify four new short-term technical programs and one long-term technical program of nine-months duration.

Extensive efforts also have been devoted to review the communication problems between NAPA/Lima and the Alumni Association-ABEUSA and to set-up the basis for the submission of the five-year Follow-On Program Plan for Mission approval.

As noted above, the Follow-On Program is a key area of importance for the project. The creation of the Alumni Association of the United States, USAID/Peru (ABEUSA) dates back to December 1992 and PD&S funds were granted to ABEUSA as a "bridge" until the assistance through NAPA began. The project's Follow-On Program was envisioned to continue supporting these initial but limited Mission efforts in the long-term through ABEUSA. However, as the first year elapsed, the Follow-On strategy submitted by NAPA did not address ABEUSA's existence, nor its future expansion and strengthening nationwide. A revised version was submitted providing new options which also differed significantly from the Mission's approach and former Follow-On activities. This acute bottleneck generated a negative climate amongst all parties and resulted in the resignation of ABEUSA's first President. This is a programmatic area that requires substantive improvement and, as previously pointed out, was directly addressed by the NAPA/Washington Project Director during her October visit to Lima.

D. Problems and Delays

1. There were a variety of problems with the first training program for Hospital Directors implemented by the Western Consortium for Public Health as well as with a couple of the participants. All parties exchanged letters on these matters and we await additional evaluation questionnaires from the participants.

Based on the initial debriefing, USAID conveyed to NAPA/Washington all criticism raised by the returned scholars and requested corrective actions, particularly in the monitoring of future training vendor's compliance with training sub-contracts.

2. The problems identified in this report in the areas of training design, follow-on, implementation of comprehensive debriefings, and recruitment of academic scholars were discussed and evaluated with NAPA and specific decisions were made to improve performance in these areas.

3. The in-country NAPA Director resigned and the recruitment process for a successor is to be completed by early December. Additionally, the NAPA/Washington Project Director was promoted; consequently, the new Project Director will assume his responsibilities in early FY 94.

4. The strategy for the recruitment of academic participants was not successful; out of the 115 communications sent announcing the ten academic scholarships to be granted, NAPA received only 22 applications. This low response rate requires that a more aggressive strategy be implemented in order to meet the FY 94 academic placement objectives. This is now underway.

5. The FY 94 training plan proposal was submitted in September, although it was programmed for June. This delay will have a significant impact on the timely commencement of the FY 94 training program.

6. Due to sanctions in FY 92, the contract with NAPA was not signed until late September 1992; hence, project implementation only commenced in FY 93.

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

1. A new in-country team leadership will be established and the selection process for this position will be completed by early December. The newly appointed NAPA/Washington Project Director and the former Director will visit Lima in December to select the new in-country team leader and to facilitate a smooth transition period.

2. A revised Follow-On Program plan will be submitted by NAPA, reflecting a clear strategy that recognizes the current National Alumni Association, ABEUSA, and identifies a strategy to integrate efficiently ABEUSA with the returned participants from the provinces. USAID will encourage the timely convening of the annual ABEUSA Board elections in December.

3. With the appointment of a new NAPA/Lima team leader, an agreement will be reached for more open communications with USAID in order to facilitate a more integrative approach and timely USAID participation in key activities sponsored through the project.

4. Following preliminary reviews of NAPA's FY 94 training plan and inputs from USAID's technical offices, the Training Division will review those results in the context of the SIF

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and make recommendations accordingly, e.g. revision of the SIF to reflect the Agency's and Mission's current strategic objectives.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A X B___ C___

IA. BACKGROUND DATA

Project Title: Narcotics Education and Community Initiatives (NECI)
Project Number: 527-0347
Date of Authorization: original 09/29/92 amended 08/16/93
Date of Obligation: original 09/30/92 amended on 4/14/93, 8/30/93 and 9/29/93
PACD: original 09/29/97
Implementing Agencies: Center for Information and Education on Drug Abuse Prevention-CEDRO
Major Contractors: none
AID Project Manager: Alfredo Larrabure
Status of Cps/Covenants: All Substantial Involvement Understandings under Cooperative Agreement are on track.
Date of Last Evaluation: None. Next Evaluation: August 1994
Planned Number of Non-Federal Audits during Fiscal Year: one
The Number of such Audits Contracted for/Completed: one
Date of Last Audit: 12/31/92 Next Audit: 12/31/93

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	original	$ 8,800,000	amended	$ 9,100,000
Amount Obligated:	DA/ESF Grant:	original	$ 3,800,000	cumulative	$ 6,600,000
Amount Committed:	Period:		$ (236,661)	refer to Section IV	
	Cumulative:		$ 2,263,839		
Accrued Expenditures:	Period - Projected:		$ 1,187,000		
	Period - Actual:		$ 1,025,245		
	Cumulative:		$ 1,994,449		
	Period - Next:		$ 1,100,000		
	Outstanding Advances:		$ 508,726		
Counterpart Contribution:	Planned:		$ 3,100,000 (in kind)		
	Actual:		$ 971,913 (as of 08/31/93)		
% LOP Elapsed:			%20.00		
% of Total Auth. Oblig.			%72.52		
% of Total Oblig. Exp.			%30.21		
% of Total Auth. Exp.			%21.91		

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project supports Strategic Objective No. 1: Strengthened democratic institutions that sustain individual rights and freedoms and are responsive to their constituencies. This activity contributes to the strategic objective by increasing strong public response that leads to anti-drug newspaper editorials, publications, radio announcements, television presentations and conferences. Another contribution to the strategic objective is the increase in the number of community-level conceived and implemented drug prevention programs. (The Project also supports Strategic Objectives Nos. 2 and 3: Sustainable Economic Growth led by the Private Sector, and Improved Health Status through Access to Quality Primary Health Care.)

Percent of LOP Funds Relating to Strategic Objectives:

Nº	1	70 %
Nº	2	25 %
Nº	3	5 %
		100 %

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

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

IV. PROJECT STATUS

As of the end of fiscal year 1993 the Project completed its first year of operations. Although the results of the internal evaluation of CEDRO's performance will not be available until the end of November, it is anticipated that CEDRO will have met the targets set in the Project's Logical Framework, both at the purpose and at the output levels. As a result of CEDRO's persuasive and sustained campaign with the media, the progress achieved on each one of the EOPS indicators, as shown in Section IV-A, exceeds the targets set for the reporting period. Although the yearly massive campaign (radio and TV spots) should start in the next quarter, the number of newspapers editorials and non-CEDRO articles published country-wide have exceeded the Mission expectations. As a result of CEDRO's drug awareness efforts, 31.5% of the Peruvian population recognizes the drug problem as the major national problem.

During the reporting period, CEDRO improved its accounting system substantially and its internal administrative procedures. As it was broadly discussed when the NECI Project was designed, this is fundamental to achieving its long-term financial self-sustainability. Late in this period, CEDRO contracted Price Waterhouse to develop financial information that will allow for the discrimination of core administrative costs and the basis for applying these to all of the programs, grants and contracts they undertake. The correct apportionment of these costs will provide a technical basis for CEDRO to charge overhead costs to other donors' programs which at

present are reluctant to finance. Currently, the Mission is reviewing Price Waterhouse's report and the updated Rules and Procedures Handbook issued by CEDRO. The Mission also approved CEDRO's plan for its financial self-sustainability.

On the program side, the first year operations show substantial success in the Prevention Program in Schools and in the Community Support components. On the education side, CEDRO has doubled the number of high schools that have adopted the drug prevention program recently included in the school curricula. As of the end of this period, 314 high schools have adopted the program. This activity is implemented by CEDRO in close coordination with the Ministry of Education which was assisted by A.I.D. to develop this program under the previous Drug Education and Public Awareness (DEPA) Project. With regard to the work done with communities, CEDRO intensified its action in the northern upper jungle. Strong complementary support from the USAID Upper Huallaga Development Project has allowed CEDRO to organize at least 30 community groups that have started their own locally-designed prevention programs. One of CEDRO's lines of action which is being favorably received and implemented by the communities is the activity called JUNTOS PARA LA VIDA which, through the development of recreational and/or small business, motivates youngsters to spend their time in productive activities.

In July 1993, CEDRO hosted its Fifth International Workshop on "Perspectives of Intervention in the Production, Prevention and Control of Drug Trafficking and Abuse". The successful event was attended by more than 110 people which included representatives of the U.S., Mexico, Ecuador, Colombia, and Bolivia.

A. EOPS

	Planned EOPS	Progress To Date
1.	Twelve newspaper editorials per month.	Five per month
2.	Ten non-CEDRO publications per month.	Five per month
3.	Ten non-CEDRO TV/radio presentations per week.	Ten per week
4.	Twenty three public sector activities organized per year.	Nineteen in the first year
5.	One hundred community-level conceived and implemented drug prevention programs.	Sixteen in the first year
6.	75 % of the population recognizes drugs as the major national problem.	31.5% as CEDRO's May 1993 survey

B. Major Outputs

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Non-A.I.D. funds raised for self-sufficiency (thousands of dollars)	850	50	250*	75	0	235*	28%
2. Number of high schools with drug prevention curricula adopted	4,300	125	250	100	80	200	5%
3. Surveys conducted	13	2	3	1.5	1.5	1.5	12%
4. Yearly radio/TV campaigns	5	1	1	1	0	1	20%
5. Support 500 community-based institutions to implement drug prevention activities	500	50	100	50	40	80	16%
6. Maintain five Street Children Centers as models for nation.	5	5	5	5	5	5	100%

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

C. Overall Status and Other Accomplishments

In the month of August, the Ministry of Education presented the report "Knowledge and Drug Use in High Schools", which was financed with A.I.D. resources under the previous DEPA Project.

During the reporting period $2,800,000 were obligated to finance Project activities through August 1995. This amount includes the $300,000 provided by the U.S. Congress' Displaced Children and Orphans Fund to assist INABIF, the Peruvian National Institute of Family Welfare, in their humanitarian efforts to reinsert displaced children into society. The main activities to be undertaken by CEDRO for INABIF will be the provision of an integrated training and technical

assistance program in drug prevention for INABIF's tutors in six tutelary centers and will reactivate (with the necessary equipment and tools) not less than four INABIF workshops. Close to the end of the fiscal year, CEDRO and INABIF entered into an agreement by which CEDRO will be the implementing agency on behalf of INABIF.

The 1992 audit report was received by the Mission in this period. The report does not show any special issue or concern.

As a result of CEDRO's continued work with Peruvian congressmen and opinion leaders, the new Peruvian Constitution that was approved on October 31, 1993 includes the following statement which can be attributed directly to CEDRO's efforts: "The State fights and sanctions the illicit traffick of drugs". Also, in a recent international conference on Alternative Development hosted by the Organization of American States, a representative from the GOP stated that the Executive Branch was going to pass to the Congress a proposal of a law that will enable the GOP to counteract drugs in an integrated way.

CEDRO continues devoting great attention to WID considerations. In their work with low income communities, CEDRO coordinates the planned activities with the Women's Clubs which are the grassroots organizations upon which many of these successful communities are founded.

D. Problems and Delays

CEDRO has submitted its Work Plan for its second year activities which includes, as in past years, both a foreign and local currency budget. As Peruvian inflation continues to decline (September's inflation was 1.6 %) and as recommended by the RCO (Grant Officer for this Cooperative Agreement), the Mission will no longer authorize expenditures in dollars. This criteria, plus other further clarifications in CEDRO's budget, will delay the prompt commitment of funds, thereby forcing CEDRO to use resources from its endowment fund to cover its short-term cash needs. In order to minimize CEDRO's use of its endowment fund the Mission is going ahead with the commitment and disbursement of funds to cover CEDRO's needs for a three-month period while the institution reformulates its budget.

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

1. CEDRO will start making use of its redesigned accounting and financial information system that will provide for the discrimination of core administrative costs and the method of applying these management costs to all of CEDRO's programs. As explained above, this activity is fundamental to technically convince other donors to start picking up part of CEDRO's administrative costs.

2. As a result of the progress achieved by the GOP against subversion, the Executive Director of CEDRO will accompany the Director of the National Institute for Development INADE, on a field trip to Ayacucho (the first and main bastion of subversion) to assess with him the possibilities of resettling the population that migrated the region because of terrorism.

3. The auditors should complete in April of 1994 the 1993 audit on CEDRO.

4. The evaluators should complete in November of 1993 the first year internal evaluation of CEDRO's performance with the specific reference of assessing CEDRO's progress in achieving its financial self-sustainability (Level of CEDRO's Endowment Fund).

5. CEDRO and the MOE should extend in one year through December 31, 1994 their agreement to continue expanding the drug prevention program in high schools.

6. CEDRO will start in November of 1993 the training and the improvement of two of INABIF's tutelary centers.

7. Completion of Project Assistance Completion Report following the final accounting close out by Controller's Office.

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IA. BACKGROUND DATA

Project Title: Private Sector Institutional Reform
Project Number: 598-0772
Date of Authorization: original 03/01/89 amendment 06/22/90; 04/18/91
Date of Obligation: original 03/02/89; amendment 03/27/90;04/10/90; 09/29/90; 03/20/91; 06/12/91; 08/27/91; 08/25/92; 05/20/93
PACD: original 02/28/94 amendment 02/28/95
Implementing Agencies: Institute for Liberty and Democracy (ILD)
Major Contractors: None
AID Project Manager: Alfredo Larrabure
Status of CPs/Covenants: CPs: satisfied Covenants: on track
Date of Last Evaluation: 03/31/92 Next Evaluation: 10/15/94
Planned Number of Non-Federal Audits during Fiscal Year: 1
The Number of such Audits Contracted for/Completed: 4
Date of Last Audit: 12/31/92 Next Audit: 12/31/93

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	$10,000,000	amended to $11,288,543
Amount Obligated:	DA/ESF Grant: original	$ 1,800,000	amended to $ 9,625,543
Amount Committed:	Period:	$ 1,637,565	
	Cumulative:	$ 9,251,472	
Accrued Expenditures:	Period - Projected:	$ 900,000	
	Period - Actual:	$ 891,713	
	Cumulative:	$ 8,253,398	
	Period - Next:	$ 990,400	
Outstanding Advances:		$ 301,473	
Counterpart Contribution:	Planned:	$ 8,830,000	(LOP)
(Other Donors)	Actual:	$ 3,645,000	(cash/in kind)
% LOP Elapsed:	75.34%		
% of Total Auth. Oblig.	85.26%		
% of Total Oblig. Exp.	85.74%		
% of Total Auth. Exp.	73.11%		

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

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

It also supports Strategic Objective No. 2: Sustainable economic growth led by the private sector by supporting the formalization of plots and thus increasing the price value of land in informal rural and urban areas.

Percent of LOP Funds Relating to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

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

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

IV. PROJECT STATUS

ILD's activities were directed to its two major research programs: Democratic Institutions and Development and Property Rights. In the Democratic Institutions program, ILD staff worked with community organizations in 9 regions of Peru in order to discuss and establish citizens' participation mechanisms in their communities and create formal linkages between elected officials and grassroots citizenry so that their basic needs get reflected in effective government decision making on budgetary issues. People affected by this extensive field work reached 400,249. In the area of Property Rights, ILD is finalizing its technical agreement with the World Bank for registering 68,000 new titles in the urban and rural areas of Lima. ILD staff has continued support for the strengthening of the Property Registry of

Lima, the state agency in charge of guaranteeing the legality and control of all titles registered in the informal sector. The autonomy of the Property Registry of Lima was crucial for the success of the Land Titling and Registering program implemented by ILD. ILD's System for Titling and Registering Property in the Informal Sector (STRIP) changed its name to PROFORM (Property Formalization system) to reflect the full dimension of the system that is not only to give title and registry but to "formalize" the rights to property and the creation of a land market. PROFORM has successfully titled 110,000 properties in 2 years. The continuance of this system in Peru is being negotiated with the Government for the signing of an agreement to register all rural land in Peru. However, difficulties with the agreement are basically due to ILD's demand to the set up an appropriate government interlocutor. ILD's agreement with the World Bank for titling of 68,000 properties will conclude at the end of October.

A. EOPS

	Planned EOPS	Progress To Date
1.	Policy changes and reforms proposed/introduced in Peru, especially in those sectors where the informal sector plays a large role.	ILD staff visited 9 regions of Peru researching the informal sector on mechanisms for citizens' participation and the importance of common law. ILD's activities were aimed at incorporating public participation mechanisms in local governments and in the new Constitution based on experiences drawn from community organizations and other informal sector organizations throughout the country.
2.	Research findings and proposed policy changes will be widely known in Peru to engender broad public support for the structural reforms.	ILD recently published the results of the implementation of PROFORM which has permitted the titling of 110,000 properties in two years with a budget of $1.5 million and an average cost per property registered of $14. This system has engendered broad popular support from community organizations and high level government authorities. An agreement for titling all rural land in Peru has been presented by ILD to the Government, however, negotiations are still taking place.
3.	Institutional reform proposals also will be disseminated throughout Latin America and the Caribbean and worldwide, if interest is demonstrated and resources permit.	The Governments of Bolivia and Colombia have recently requested information on PROFORM. In the case of Bolivia, ILD has already submitted a preliminary proposal for the implementation of PROFORM in this country.
4.	ILD will be institutionally strengthened and will attain sustainability.	There are approximately $3 million dollars in proposals being evaluated by international donors. ILD is finalizing the development of a brochure on its revenue diversification efforts which will be distributed worldwide.

B. Major Outputs

ILD research and implementation activities have been concentrated in the following areas:

1. Democratic Institutions

Democratization of Government Decision (DDG)

During this semester, ILD concentrated efforts in its citizens' participation studies. ILD worked in 9 different areas of Peru mainly with community organizations and local governments in Piura, Cuzco, Apurimac valley, metropolitan Lima, Lambayeque, Cajamarca, Puno, Ayacucho and Callao. Population affected by this program totalled 400,249, while additional communities interested in the program total an additional 234,880 people. ILD held several meetings in each community to discuss mechanisms of citizens' participation, the role of democracy and informal community mechanisms to exercise governmental coordination and rule. After on-site meetings, ILD held general meetings in Lima for community leaders in order to broadly discuss these issues and develop proposals for citizens' participation in government for public discussion. Additionally, ILD had meetings with majors of local governments in these areas. Probable outcomes are agreements with local governments to establish citizens' participation mechanisms in the local governments decision making. Meetings will continue this semester to formalize these agreements, especially with the municipality of Cajamarca and Catacaos in Piura. ILD has not held public audiences to discuss these findings and its proposals in the area of citizens' participation mechanisms due primarily to the current political debate on the new constitution. ILD believes that the current debates are not addressed to constitutional issues, rather the discussions are centered on the approval of the current government actions. In addition field work, ILD has also participated in several conferences and drafted documents on this work. The most relevant document is a new paper called "Relevance and Prospects of the Informal Sector" presented at the workshop "Market Reforms and Democracy in Latin America and the Caribbean: the Institutional Role of Business" sponsored by the Center for International Private Enterprise held in Washington, D.C. on June 23-24, 1993. Other documents are "Necessary Elements for a True Democracy"; "Report on the Organization of Peasant Communities in Piura and an Inventory of their Problems"; "Governance Problems in the Apurimac Valley". ILD continued its research on citizens participation mechanisms in developed countries and drafted the document "Institutional Underpinnings of Democracy in Germany."

2. Property Rights (PR)

The main activities under this program were the following:

* The achievement of the technical and financial consolidation of the Property Registry in Lima, through periodic meetings and contacts with high level government authorities in the Ministry of Agriculture, Ministry of Economics, Ministry of the Presidency, Congress, and COFIDE.
* In order to access information for the process of property formalization, ILD signed technical agreements with central government units (Lima Agricultural Unit in the Ministry of Agriculture), the Provincial Municipality of Lima and the district municipalities of Carabayllo and Comas.
* ILD hired and trained popular promoters to establish them as links between grassroots organizations and the titling formalization process. These promoters are leaders of grassroots organizations or recognized people within their communities. ILD designed and financed 6 billboards (7.20 x 3.60 meters) in strategic places in the capital (3 in the north cone and 3 in the south, at the entrance to the biggest poor settlements and at the entrance routes to the rural areas in Lima). These billboards explained the importance of the Property Registry in a simple manner and gave the addresses of the Property Registry of Lima and the ILD. Additional advocacy work included TV spots, video on public ceremonies awarding titles, and radio advertising.
* 12 public ceremonies at which the government handed over certificates of titles to owners from 55 grassroots organizations in urban areas and 113 grassroots organizations in rural areas.

C. Other Accomplishments and Overall Status

1. ILD has set up an international organization called "Path to Property"(PTT) to carry out land titling programs worldwide. This organization will be headquartered in Switzerland and is composed of the world's leading centers of land titling research and technology. In the future, this organization will absorb ILD staff and contribute to ILD 20% of its revenues.

2. The Institute's international recognition has been reflected by The Economist's request for Mr. de Soto's article on Property Rights published on September 11, 1993 as part of the magazine's 150th anniversary. Other participation at conferences included Mr. de Soto's presentation "Enabling Conditions to Successful Small and Medium Enterprise Development" to FUNDES on September 18, 1993; and Mr. Mosqueira's dissertation "General Description of Activities done by the ILD Democratic Institutions Program in 1993" presented in Santa Cruz, Bolivia on June 29, 1993.

3. By Involvement Letter No. 34, Mission approved ILD's request for modernization of computer equipment and security improvements. ILD's hardware and software were very obsolete and in bad conditions basically due to the two terrorist attacks to the institution. These purchases will enable ILD staff to respond promptly and efficiently to national and international demands for their work.

D. Problems and Delays

1. Even though ILD has aggressively worked on its revenue diversification program, no major grants or donations have been reported during this period. However, ILD is in negotiations with the Westminster Foundation for Democracy of the United Kingdom for support to the Democratic Institutions Program. Proposals to three German cooperation agencies for support to the Property Rights Program have not received any formal response yet. Negotiations with the Government of Peru for the titling of all rural land are also underway.

2. ILD submitted its 1991 annual audit report on September 13, 1992. A draft of ILD's 1992 annual audit report will be submitted to USAID during the third week of October for discussion. Work on the 1993 audit report is underway.

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

1. The issue of financial self-sufficiency and revenue diversification will be fully addressed during this semester. USAID and ILD will reexamine options to meet realistic counterpart contributions. Issues will include ILD's self-sufficiency at the end of the project (February 1995); achievement of project goals with current level of counterpart contributions and reexamination of the portfolio of potential clients.

   ILD's activities for reaching its revenue diversification goals will be a major priority of the Institute. Travel engagements, presentations, proposals and negotiations with future donors will absorb a great part of ILD's research and administrative staff. ILD's major objective will be to achieve medium and long term agreements to consolidate its Property Registry and Democratic Initiatives Programs.

2. The ILD Annual International Conference will take place in March 1994 for two days. The conference will address PROPERTY RIGHTS AND DEVELOPMENT. The conference will be addressed to high level U.S. Government officials, representatives of multilateral financial organizations and prospective donors. The Vice-President of the United States will be the keynote speaker at the Conference.

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STRATEGIC

OBJECTIVE 2

IA. BACKGROUND DATA

Project Title:	Upper Huallaga Area Development			
Project Number:	527-0244			
Date of Authorization:	original	09/08/81	amendments	06/25/86; 09/30/88; 08/23/91; 02/11/93
Date of Obligation:	original	09/15/81	amendments	03/03/82; 03/07/83; 02/16/84; 12/28/84; 06/27/86; 09/30/88; 07/25/89; 08/09/90; 09/30/91; 02/26/93; 09/23/93
PACD:	original	09/30/86	amendments	06/30/94; 12/31/93

Implementing Agencies: Proyecto Especial Alto Huallaga (PEAH)
Major Contractors: IRI (8/83 to 10/86), RONCO (11/86 to 12/89)
AID Project Manager: Merritt Broady
Status of CPs/Covenants: Met
Date of Last Evaluation: 04/20/92 Next Evaluation: None
Planned Number of Non-Federal Audits during Fiscal Year: 1
The Number of such Audits Contracted for/Completed: 1 (end of April 1993)
Date of Last Audit: 03/30/90 Next Audit: 12/31/93 NFA Managed by RIG/A/T

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Loan:	$15,000,000
Amount Obligated:	DA/ESF Loan:	$15,000,000
Amount Committed:	Period:	$ 44,688
	Cumulative:	$14,992,696
Accrued Expenditures:	Period - Projected:	$ 96,000
	Period - Actual:	$ 83,621
	Cumulative:	$14,987,716
	Period-Next: (10/93-3/94)	$ 12,284

Amount Authorized:	DA/ESF Grant: original	$ 3,000,000	amended to $ 16,250,000
Amount Obligated:	DA/ESF Grant: original	$ 750,000	amended to $ 16,250,000
Amount Committed:	Period:	$ 1,883,722	
	Cumulative:	$14,756,419	
Accrued Expenditures:	Period - Projected:	$ 2,374,000	
	Period - Actual:	$ 2,143,498	
	Cumulative:	$14,619,224	
	Period - Next: (10/93-3/94)	$ 1,630,776	

Counterpart Contribution:	Planned:	$20,358,000 Cash (LOP)
	Actual:	$26,402,268 Cash (LOP)

% LOP Elapsed:	96.76%
% of Total Auth. Oblig.	100%
% of Total Oblig. Exp.	94.93%
% of Total Auth. Exp.	94.93%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This Project directly supports Strategic Objective No. 2: Sustainable Economic Growth Led by the Private Sector through improved rural infrastructure and community development services in the Huallaga Valley, Peru's major coca production region, thereby promoting alternative and legal opportunities for coca producers. This Project also reactivates labor-intensive private sector activities by promoting small business, non-traditional exports and licit agricultural productions. This is done, again, by promoting the installation of agro-industries through its capitalization credit program of licit crops, both traditional and non-traditional, through the Integrated Cuenca Development Program.

It also supports Strategic Objective No. 1: Strengthened Democratic Institutions that Sustain Individual Rights and Freedoms and are Responsive to their Constituencies through the implementation of basic rural and community services in the Huallaga area. The selection and priorization of community works are done with the democratic participation of the communities during the "Cabildos Abiertos" or town meetings. The mutual involvement of community leaders and constituents promotes the democratic process by reestablishing local government presence and also creates a positive environment for social and economic development in the Huallaga Valley.

Percent of LOP Funds Relating to Strategic Objectives:

No. 2	=	60 %
No. 1	=	40 %
		100 %

IIB. PROJECT PURPOSE

The purpose is to support GOP development and narcotics control activities in the Upper Huallaga Valley (UHV) by strengthening local government and community participation in the

alternative development process, improve physical and social infrastructure, and promote agricultural activities which will replace illicit crops.

III. PROJECT DESCRIPTION

As mentioned in last Semi-Annual Review (SAR), the Upper Huallaga Area Development (UHAD) Project was originally designed to develop and transfer appropriate agricultural technologies which would strengthen agricultural support services in the UHV. Project activities carried out in support of this purpose concentrated on reestablishing GOP agricultural development services in the UHV. These activities included: adaptive research to determine the agronomic, economic, and socio-cultural feasibility of agricultural technology packages; expanded and upgraded existing extension services; upgraded capacity of the local universities to train agricultural scientists and conduct farm-level, agricultural seminars for extension workers and small-scale farmers; provision of short and long-term agricultural credit; strengthened farm production activities (e.g. land registration, grain storage facilities, agricultural and resource information); improved road maintenance and provision of potable water systems and related community development facilities to local communities. The Project responded to a situation in flux with more responsive and effective means of assistance.

In 1992, as part of a redefined strategy, the UHAD Project expanded its area of coverage to include the Central Huallaga Valley and implemented a series of sustainable development activities based on the Democratic Community Development (DCD) concept, similar to the Municipalities in Action (MIA) Project implemented by USAID/El Salvador, and the Integrated Cuenca Development (ICD) concept. The DCD Program was initially pilot tested in Tocache and during this reporting period was expanded to include all provincial governments of the San Martin Region, one district area of the Leoncio Prado Province (Avelino Caceres Region) and one district area of the Padre Abad Province (Ucayali Region). The ICD concept was also expanded to two more valleys (Biabo and Sisa) after excellent results from the Picota/Ponaza ICD pilot effort.

IV. PROJECT STATUS

During this reporting period, Peruvian political and economic stability improved and the GOP strongly supported UHAD activities through the infusion of local currencies and cooperation between the military and civil sectors. Additional progress in Project implementation was hampered by the fact that the USG has not yet clearly defined its counternarcotics strategy. In July, AID/W decided to terminate all alternative development activities in Peru by December 31, 1993. It requested Congress for authorization to obligate $1.4 million to close out the Project.

Based on the following planned EOPS and major inputs, the Project status shows that, given the difficult environment in which the Project worked during this reporting period, it was a successful semester, primarily due to the excellent work done in the field by PEAH personnel. During this period, the Project accomplished most of the objectives projected in its Annual Operational Plan. This was done in spite of budget restrictions and delays in disbursements. Some activities were expanded geographically to the Biabo and the Sisa Valleys. Other activities in the two Valleys were postponed or canceled due to funding difficulties. The DCD activity, continues to produce excellent results in the Valley. Several pilot subprojects were implemented and inaugurated in the Picota and Tocache areas by USAID personnel and GOP officials. The opening of the Picota Bridge over the Huallaga River gives a special significance to this reporting period. Other accomplishments are outlined in IV. C. which follows. USAID has rated UHAD as a category A project as implementation has been proceeding smoothly and the Project is having a significant impact (even though Grant Funds were only sporadically provided) on the problems it was designed to solve.

A. EOPS

Planned EOPS	Progress to Date
1. Training Professionals	Approximately 70% of the graduates still work in the region.
2. Agricultural Technological Packages	Improved varieties of rice, corn, banana, beans, cacao, and papaya have been introduced. Agreements with UNAS and INIA for testing non-traditional crops, and organic fertilizer underway.
3. Improvement of crops	Nurseries of improved seeds established by local farmers sustain the expansion of new varieties.
4. Credit system expanded	Project is using market rates for both short and medium-term credits to serve Project area farmers.
5. Agricultural services upgraded	Marketing and land registration services are accessible to Project area farms. UNAS and INIA support cattle and agricultural extension activities, training for extensionists and technical assistance to farmers.
6. Statistical capacity functioning	Data on cropping patterns, technology, basic social services, production costs, and on-farm incomes are being collected and reported.

7. Transportation cost reduced — Road maintenance has reduced by 60% the travel time between Tingo Maria and Tocache. Construction and rehabilitation of the Picota Bridge and Ponaza Valley main road, have reduced transportation costs by 50% and travel time by 80% between Picota and Ponaza.

Planned EOPs stated in the PP were related to institutional strengthening. Achievement of those institutional changes resulted in the following:

Purpose Indicators	Progress to Date (*)
1. Rice production	Increased from 3,300 MT (1980) to 3,901 MT (1992)
2. Maize production	Increased from 8,400 MT (1980) to 9,050 MT (1992)
3. Banana production	Increased from 31,200 MT (1980) to 80,732 MT (1992)
4. Cassava production	Increased from 27,500 MT (1980) to 57,535 MT (1992)

B. Major Outputs

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1. Demonstration plots	3,000	96	3,556	10	15	2,216	74
2. Technical Assistance to farmers	18,100	602	15,381	700	1,636	19,792	109
3. Seeds Production (rice, maize, coffee) (kg.)	429,724	83,802	586,703	5,000	6,280	211,555	49
4. Seedling production (cacao, coffee, banana, yucca, citric) (units)	825,680	297,538	2,377,907	150,000	658,000	2,673,506	324
5. Annual Statistical Report	9	2	13	1	1	20	222
6. Registration of land titles	5,564	280	6,364	300	309	5,727	102
7. Volume of credit provided	4,505,853	-	-	-	441,288	7,175,435	159
8. No. loans provided	-	-	-	-	234	3,638	-
9. Repair and rehabilitation of the Marginal Highway and rural roads (km)	1,536	150	2,252	80	159.2	1,628.3	106
10. Construction of a rice mill in Tocache (*)	1	-	1	-	-	1	100
11. Construction of a rice mill in Picota (*)	1	-	1	-	-	1	100
12. Construction of a pineapple processing plant in Tingo Maria (*)	1	-	1	-	-	1	100
13. Construction of a banana processing plant in Tingo Maria (*)	1	-	1	-	-	1	100
14. Construction of a cassava starch processing plant in Uchiza (*)	1	-	1	-	-	1	100
15. Construction of feed mill processing plants (*)	3	-	3	-	-	3	100
16. Community vegetable	-	-	-	-	61	526	-

gardens established							
17. Community small animals farm installed (*)	-	-	-	-	7	242	-
18. Classrooms constructed/ rehabilitated	-	-	-	65	132	751	-
19. No. of rural potable water systems installed	14	4	47	-	2	53	378
20. Health centers constructed/rehabilitated	-	-	-	-	4	114	-
21. No. of fish farms installed (*)	6	2	21	2	1	22	366
22. No. of people trained for health promoters, teachers, members of Mother's Clubs and potable water committee leaders	130	90	700	-	-	M 1,426	F 2,249
23. Agricultural training (long-term)	-	-	-	-	-	19	-

(*) Financed by the PEAH's Capitalization Credit component.

C. Other Accomplishments and Overall Status

Other Accomplishments:

1. The Picota Bridge was inaugurated on August 17 by President Fujimori. The Instituto Nacional de Desarrollo (INADE) organized the inauguration ceremony, and international representatives accredited to the GOP were invited. Several Ministers and other GOP high-ranking officials participated. As mentioned in the last SAR, in July 1992, the GOP/MEF gave $2.5 million HCOLC to the San Martin Regional Government for the construction of the Picota Bridge over the Huallaga River and for the Ponaza Integrated Development Program. The Picota Bridge is a 263 meter suspension superstructure that provides access to the Ponaza and Biabo Valleys, both with great potential as major agricultural and forestry production centers. At present, approximately 14,000 has. of the total potential area of 400,000 has. are being cultivated. It is estimated that there are 1,800 has. in the two valleys planted with coca. The opening of the bridge benefits approximately 19,000 people. The Ponaza Valley access road, and the 10 kilometer road connecting the Picota Bridge to the Ponaza Valley access road have also been rehabilitated.

2. All ICD and DCD activities in the Ponaza Valley were completed during the reporting period. At present, Ponaza Valley people is using, operating, and maintaining 82 community development facilities, which include eight health centers, two potable water systems, 32 public toilets, one fish pond, six tree nurseries, one rice mill, one community center, six sports plazas, 31 classrooms and several school administration offices, provided with furniture and 73 modules of textbooks, and 40 km of rehabilitated roads. All of these works were implemented with community participation, local government management, and technical assistance of PEAH. Training courses were also provided to local teachers and community promoters in education, environment, health and drug abuse. Additionally, women associations of the valley, organized as "Clubes de Madres", have installed and are technically managing small farms for the production of 1,500 hens for meat and eggs, a highly demanded poultry. Moreover, aside from the Picota bridge, another rice mill processing plant, also supported by UHAD through capitalization credit to rice producers associations in San Martin (ARROSAMSA), has started to operate. The plant has a processing capacity of 1.5 Mt of rice per hour. The processing plant has increased the quality of rice for the market, thus allowing 500 families to receive better prices for their crops.

3. The opening of the Picota Bridge, the rehabilitation of the 42 km of the Ponaza Valley road and 10 km of feeder road connecting the valley with the main highway, have created opportunities for farmers to market legal crops. The impact over the area is enormous. The GOP is now providing the long awaited transportation infrastructure needed for licit crop production, mainly corn and rice. Currently, transportation costs have been reduced by 50%, and travel time from the Ponaza Valley to the main highway, now connected with the bridge, has been reduced from 4 hours- or days in rainy season- to 1 hour. The road and other sustainable development activities radically changed farmers attitudes towards the feasibility of legal activities and the economic and social environment of the Valley, which in turn has reduced production of coca-based products and restored government control.

4. Initial estimates show that coca leaf production in the Ponaza Valley has decreased: the Ponaza Valley recent agricultural survey indicates that 1,361 ha were planted with coca in 1992 by 622 families, while only 714 ha were harvested in 1993 by 466 families. Productivity has also decreased by 30%. On the other hand, legal economic activity has increased. Ponaza farmers have started to repay their credit for the rice mill small plant before due dates, one indicator that their earnings for their rice production are increasing. The community fish pond has also started to show earnings. Fresh fish is not only sold in the community, but also in the Ponaza Valley, thus improving their dietary consumption as well as increasing legal earnings for the Valley. Rice and corn, only produced for the self-consumption in 1992, now is sold outside the valley.

5. Following is a summary of recent accomplishments in the province of Tocache: Rehabilitation of 55 km. of Carretera Marginal, 40 km. between Porongo and Tocache; implementation of 5 earth worm modules in Uchiza and 30 in Tocache; implementation of 1 seed nursery; installation of 61 community vegetable gardens and rehabilitation of 4 classrooms. After successfully finishing around 30 project works in this pilot DCD area, a second release of funds was provided by PEAH to support the initiatives set by the local communities and the Municipal Government. Another 30 project works were finished and inaugurated during this reporting period. More emphasis was taken to reinforce the "forms and procedures" established by the program for the participating institutions and communities. Greater community participation was observed in the process of decision making in the Tocache's Municipal Government.

6. As a second phase of the new strategy, the Project started ICD activities tied to reduction of coca production in the Huallaga Valley. PEAH, in conjunction with the Municipality of Tocache, has initiated a voluntary coca eradication program with a group of farmers to eradicate around 50 has. of coca plantations. The coca eradicated fields will be planted with bananas, cassava, and with local tropical medicinal trees native to Tocache.

7. The Project started some activities in the Biabo and Sisa Valleys.
Biabo/Sisa - ICD: (a) Road Rehabilitation/Maintenance: San Jose de Sisa-Cuñumbuque, 12 km out of 40 km; Picota Bridge-Nuevo Control, 10 km out of 24.7 km; Bombonajillo Bridge-Nuevo Control, 1 km. out of 16.2 km, (b) Research/Extension: Technical assistance with 314 field visits to farmers, 3 technical bulletins distributed to 750 farmers, installation of 8 seed nurseries with 80,000 plants, installation of 40 ha. of improved pastures (Brachiaria brizanta), participation of "Clubes de Madres" in the family production of 2,500 hens, installation of 18 horticultural plots, 4 agro-forestry training courses for farmers, installation of 4 earth worm modules; (c) Agro-forestry Credit: 18 loans for a total amount of S/.50,101.30; (d) Land Titling: 298 cadastral parcels done in the Biabo and Sisa Valleys.

Biabo/Sisa - DCD: In the communities of Barranca, Cuzco, Abancay in the Alto Biabo area, construction and/or rehabilitation of one sports plaza, two schools, and a health post. In the communities of Santa Flor, Winge, Nuevo Lima, La Union, San Ramon, Nuevo Progreso, Pampa Hermosa, Perla del Ponasillo, Vanayaqu, Nuevo Tarapoto from the Bajo Biabo area, construction and rehabilitation of one health post, two sports plazas, and 9 classrooms.

8. As part of the ICD activities, PEAH signed an agreement with CEPTENA, S.A., a private consulting company that specializes in the agronomic, post-production and agro-industrial aspects of pijuayo or peach palm (Bactris gasipaes) cultivation. One hundred hectares of pijuayo are being established in the Uchiza-Tocache area, benefitting a total of 50 farmers. A processing plant is scheduled to be built by the Uchiza Producers Association, supported by UNDCP funds and technical assistance.

9. For the DCD type of projects (Democratic Community Development), the Project continues to implement activities throughout the San Martin Region and in the Province of Padre Abad in the Ucayali Region. Training sessions were held with all the provincial mayors in each of their locales. The total amount programmed for this activity, including HCOLC, is $3.5 million. By the end of December, the program will have completed all activities throughout the areas mentioned above.

10. In an agreement with PEAH, CEDRO -a private NGO funded by USAID/Peru working in the area of drug prevention- is increasingly work and develop drug prevention activities in the Huallaga Valley. CEDRO started its productive program in the Huallaga Valley. The program provides seed money to communal organizations to establish productive activities which will provide employment to young people as an alternative to narcotrafficking. One of the activities is the promotion of native beige cotton, a highly demanded product in foreign markets. The program has been received with enthusiasm among the young people in the area. Many of the activities being carried out are being held with the participation of women and children.

11. The nine-agroindustries financed through PEAH's capitalization loans in the Huallaga Valley are operating and supporting local production. For instance the fruit processing plant in Tingo María buys the pineapple, papaya, cocona and carambola production of 102 farmers, the banana flour processing plant uses 2.4 MT/day of a local variety of banana, the yucca flour processing plant in Uchiza needs the production of 126 ha of yucca, which are cultivated by seven producers' associations. PEAH is providing managerial and marketing training along with technical training and follow-up through expert private institutions, for the remaining life of the UHAD Project.

12. As reported in the last SAR, an audit team from the IG's Office traveled to the UHV. The team provided several recommendations to the Mission; all proposed recommendations were implemented by PEAH's personnel in their Zonal Offices. During October there will be a PEAH financial audit performed by a local audit firm contracted by USAID/Peru.

13. During the last reporting period, the National Compensation and Social Development Fund (FONCODES) committed S/. 25 million for the construction of small and medium-scale community-level development projects in the Huallaga Valley. PEAH and other GOP Special Projects are awaiting FONCODES release of funds.

14. During this reporting period, representatives from the Japanese, Canadian, British and German Embassies, UNDCP, UNIDO visited and participated in the inauguration of several alternative development works in the Ponaza Valley. The USAID Mission Director, together with the USG Chargé d'Affaires, a.i. and GOP officials, participated in the events held in four different communities in the Valley (Picota, Barranquita, Alfonso Ugarte and Shamboyacu). This visit aimed to encourage the participation of other donors in alternative development activities in the Project area. UNDCP and UNIDO expressed their interest in working in the area.

15. On August 14, Mr. Lee Brown, Head of ONDCP, made a visit to the Tocache area where DCD and ICD activities are taking place. He evaluated in the field USAID activities as related with the overall USG and GOP anti-narcotics strategy.

16. On September 17, three provincial Mayors (Tarapoto, Rioja, Tocache) from the San Martin Region went to Tucson/Arizona with other 12 Provincial Mayors, as part of the Peruvian Peace Scholarship Program: Public Management of Local Governments Sub-Program. The Training program will last until October 30, 1993, and is part of the activities that the Division of Training and Social Development of USAID/Peru manage.

17. USAID received $1.4 million in grant funds to be used in alternative development activities until December, 1993. This amount is the final obligation from the $7 million funding level approved by AID/W in October 1992. The total amount obligated was $3.35 million. $1.5 million in PL-480 funds were also requested to finish PEAH's 1993 activities before December 31, 1993. Since the UHAD PACD has being changed to December 31, 1993, measures are being taken to properly use all the obligated funds.

Overall Status:

Coca prices in the UHAD Project area, although lower than last year's prices, have remained high enough to make it a profitable crop when compared to alternative crops. However, technical assistance and other services that PEAH offers continue to be in great demand due to the absence of almost all the credit institutions and the lack of other public sector resources. This situation has helped increase PEAH's "acceptability" in the area. Agricultural support services and road maintenance provided by PEAH have stimulated the expansion of legal crops during the life-of-Project (area under legal crops has increased from 26,000 has. in 1981 to more than 51,000 has. in 1990, although it decreased in following years due to weather and lack of enough credit) and the yields of major crops have improved substantially. Rice production in Uchiza and Tocache has reached 6 MT/ha. for irrigated land. The PEAH Project, with security provided by the Peruvian Army, continues to do major rehabilitation and maintenance of the main highway and subsidiary roads, allowing increased legal crop production to exit and reach the regions of demand in the Sierra and along the Coast. Temporary employment was provided by the UHAD Project through 1,500 small-scale community works during the LOP.

The strategy applied in the Ponaza Valley and Tocache proved to be effective, it gained people support for alternative development process, while organizing and gathering the people around a common activity -community infrastructure-, which in turn had three effects, reinforced people's sense of community benefits and democratic participation instead of individual or personal benefits, set the basic infrastructure for sustainable development, and, diverted labor from coca activities to community activities, which at the same time have encouraged farmers to abandon coca leaf production.

D. Problems and Delays

Security and high coca prices remain as problems for the UHAD development. However, the general security situation in the San Martin Region has improved greatly over the last six months. The GOP and the Army have eliminated the MRTA terrorist group as a serious threat and hope to do the same with the Sendero Luminoso by the end of 1995. Free movement of the people and commerce has increased, even in the rural areas. People's attitudes about the future are optimistic, especially in the HV. PEAH's extension agents worked without serious problems. **The ability of USAID Project management staff to travel to various parts of the Project sites has increased greatly, as compared with what was mentioned in previous reports. Coordination with the U.S. Embassy security personnel and with local and military authorities is undertaken before each trip.**

On June 18, the Mayor of Tocache, Mr. Fredy Aliaga, was assassinated by terrorists. This violent act greatly disturbed local, national and international leaders, who knew of "Fredy" and his work. The GOP, USG and local officials involved in alternative development activities in the Tocache area decided to continue with the economic support to the local government activities in spite of his death.

The road rehabilitation and maintenance component continues to be of great importance for the success of the UHAD Project because it will strengthen complementary production and information services in the Project area. The A.I.D. Local Development Unit continues to believe that the programming and allocation of funds to the Selva-Coastal Road (Carretera Marginal) Project is of vital necessity because it will benefit people living in the Upper Huallaga (UH).

The lack of grant funds hampered Project implementation. The UHAD Project and the proposed SER Project were caught up in the review of the Andean Counternarcotics Strategy, thus slowing down a potentially highly successful sustainable development project from accomplishing more. The UHAD Project has strong support from the GOP, which has identified the Huallaga Valley as one of its priorities for development, incorporates promotion of democracy, environmental protection, expansion of basic services, as well as increasing income and is well accepted by the target population. Because it addresses the social and economic problems which greatly contribute to the cultivation of coca leaf, the development model implemented by the UHAD Project can significantly reduce production of coca-based products in other areas, if development funds were available.

Even though, A.I.D. is stopping its Alternative Development activities in the area, the GOP has decided to remain in the HV. This decision will allow the completion of some of the Project activities that could not be finished by the established PACD.

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

1. Road repair and maintenance will continue until December on the Tocache-Uchiza road,

around the Picota/Ponaza area and along key points of the Marginal Highway. Through agreement with the Ministry of Transportation and Communications (MTC), the Municipality of El Dorado and PEAH will repair the road between San Jose de Sisa and Cuñumbuque.

2. The Picota Bridge cable repair and/or other appropriate measure should be finished by December 31, 1993.

3. The processing plants already constructed will be monitored continuously. Administrative and technical training for the agro-industries personnel is taking place and should be finished by the end of the year.

4. Due to problems mentioned in last SAR, the programmed July 1992 UHAD Project financial audit is finally being implemented. This audit will evaluate UHAD Project up to December 31, 1993 (UHAD PACD).

5. PEAH/INADE will continue to work more actively with the 10 municipal governments of the San Martin Region to complete the 1992-1993 DCD workplan.

6. All close-out activities required for terminating the Project will be completed within three months of the newly established PACD (December 31, 1993).

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IA. BACKGROUND DATA

Project Title:	**PRIVATE SECTOR MANAGEMENT IMPROVEMENT**
Project Number:	527-0272
Date of Authorization:	09/18/85
Date of Obligation:	09/20/85
PACD:	original 12/31/91 amended 12/31/93
Implementing Agencies:	ESAN (Escuela de Administracion de Negocios para Graduados), IPAE (Instituto Peruano de Administracion de Empresas), ADEX (Asociacion de Exportadores), Universidad del Pacifico, Universidad de Piura.
Major Contractors:	AED/NAPA
AID Project Manager/Coordinator:	Rodolfo Salinas/Connie Gutierrez
Status of CPs/Covenants:	N/A, Cooperative Agreement (All provisions on track)
Date of Last Evaluation:	2/93 Next Evaluation: None

Planned Number of Non-Federal Audits during Fiscal Year: ONE
The Number of such Audits Contracted for/Completed: ONE

Date of Last Audit:	12/31/92 (AED/NAPA subject to OMB A-133 audits)
Date of Next Audit:	12/31/93 (FA/OP responsibility)

IB. FINANCIAL DATA

Amount Authorized:	DA Grant:	$ 7,000,000
Amount Obligated:	DA Grant:	$ 6,999,974
Amount Committed:	Period:	$ -
	Cumulative:	$ 6,999,974
Accrued Expenditures:	Period - Projected:	$ -
	Period - Actual:	$ 37,652
	Cumulative:	$ 6,992,544
	Period-Next: (10/93-12/93)	$ 7,430
Counterpart Contribution:	Planned:	$ 2,333,000 (LOP)
	Actual:	$ 1,850,000 (LOP in kind)

% LOP Elapsed:	97.00%
% of Total Auth. Oblig.	99.99%
% of Total Oblig. Exp.	99.89%
% of Total Auth. Exp.	99.89%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This project is directly linked to Strategic Objective No. 2: Sustainable Economic Growth Led by the Private Sector, by assisting private sector institutions in developing the human resources required to expand production and generate employment.

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

IIB. PROJECT PURPOSE

The dual purpose is (1) to strengthen the capacity of five private institutions to carry out more industry responsive and higher quality management education, training, consulting and applied research; and (2) to strengthen linkages between these institutions and the industries they serve.

III. PROJECT DESCRIPTION

The components of the Project are highly inter-related and together will produce a network of private management institutions better able to serve private sector firms at this critical time. New areas of management in sectors with growth potential, such as agribusiness/international business and small business/entrepreneurship, received special support facilitating a timely institutional response to current management and human resources needs.

IV. PROJECT STATUS

Although Project activities have been completed satisfactorily, the PACD was extended to allow completion of training programs. The Field Office of the Contractor (NAPA) closed operations on October 30, 1992. After that date, NAPA's Home Office is providing limited administrative support to 4 participants who are in the process of completing their doctoral studies. There have not been any other on-going project activities.

A. EOPS

Upon completion of the Project there is a cadre of young and highly specialized professionals in the participating institutions. They are assuming a very important role and eventually will assume leadership in each one.

Planned EOPS	Progress To Date
1. A network of management training institutions serving private sector in transition toward a market oriented competitive economy	There has been a great effort to elevate the academic and professional level of the institutions which has fostered the improvement (and in some cases, the creation) of the capacity for management training.
2. Key funtional areas of management education improved improved an adapted to Peruvian Peruvian economy	On going curriculum revision process is in place, based on an improved information base of needs assessment and applied research for curriculum and material development.
3. Improved capacity of institutions to influence management success in international business, agribusiness and small business	New degree and non-degree programs have been implemented for sectors of the Peruvian economy with the greatest potential for growth: international business, agribusiness, and small business. The programs address management development issues specific to Peru, based on research and close collaboration with private sector groups.
4. Collaborative mechanisms established among the institutions and the private sector	The participating institutions have taken the leadership in establishing productive linkages with the industries they serve. Relevant applied research on selected sectoral concerns and training needs assessment were conducted both in Lima and the provinces.
5. Decentralization and diffusion of management services to regions and institutions outside Lima	On a pilot basis 4 regions have gained the capacity to plan, implement and generate revenue to ensure sustainability for management training programs relevant to their respective regional development needs. A selected number of faculty members from universities outside of Lima and professional women have received MBA training.
6. Improved capacity of institutions to plan strategically and establish self-sustainig financial mechanisms	The participating institutions have an increased capacity to plan strategically and develop broader bases of financial support.
7. Improved capacity of the private sector and the participating institution to analyze management issues	Through the implementation of various applied research projects, the institutions have developed new skills/ technicques not only to succesfully communicate with the private sector, but to work side by side in resolving management problems.

B. Major Outputs

	Planned	Accomplished		
	LOP	Cumulative	Next Period	% of LOP
ESAN				
. Long-term training for faculty	8	6	0	75%
. MBA scholarship program for faculty from universities outside Lima	6	14	0	233%
. Other MBA scholarship programs, including professional women	0	20	0	(*)
UNIVERSIDAD DEL PACIFICO				
. Long-term training for faculty	9	9	1	100%
. MBA scholarship program for faculty for universities outside Lima	6	8	0	133%
UNIVERSIDAD DE PIURA				
. Long-term training for faculty	4	7	1	175%
. MBA scholarship at ESAN	3	3	0	100%
TOTAL	36	67	2	154% average

(*) See C. below.

C. Other Accomplishments and Overall Status

All EOPS and activities were successfully completed in September, 1992; including: a) completion of the Agribusiness and MBA programs at Universidad de Piura; b) ADEX installed

and started operating its Language Training facility; c) Universidad del Pacifico has made significant progress towards completing the publication of 11 university textbooks; d) ESAN has completed an institutional development plan which includes a 5-year comprehensive strategy that will allow them to expand into new areas; and e) IPAE has developed 4 regional operations which are self sustaining.

As can be seen in Major Outputs, the Project has successfully exceeded many of its original goals and also included new areas such as WID. In this case, most Project activities had a significant number (at least 3040) of women beneficiaries; special mention is made of ESAN's Professional Women Scholarship program through which 9 very talented women obtained their MBA's, some with the highest grades in many years.

The final evaluation was successfully completed by a 4-person team. The methodology and instruments used in gathering information included an extensive survey of over 100 executives of leading companies as well as 45 in-depth interviews with executives trained in the participating institutions. Major findings of the evaluation include: a) at the end of the Project the institutions are now in a position to successfully face the challenges in management education within the new macroeconomic context; b) the academic training opportunities for the faculties resulted in a substantial increase in the professional capacity of the institutions; and c) through efficient management of the Project by the last contractor, NAPA's administration resolved earlier problems generated by the previous contractor, and ensured a favorable work climate.

In addition to helping create a cadre of young professionals, retained by all participating institutions eventhough they have been badly hurt by the economic stabilization program enforced; the project also helped in opening up new markets in areas which are focal to Peru's future growth such as agribusiness, international business and entrepreneurship.

D. Delays

Two out of the four participants are scheduled to complete all doctoral training, including the dissertation and administrative requirements to obtain the doctoral degree by December 31, 1993. The other two have completed all academic requirements, made some progress in their dissertations but will not complete them by PACD. The delay is due to the fact that their institutions (Pacifico and Piura), short on personnel, requested that both participants return home. We have discussed this matter extensively with both institutions and reached the understanding that they will provide the necessary funds required to ensure that participants will complete all administrative requirements needed to obtain their PhD's. This should take place during the first quarter of CY94.

Counterpart contribution is $483,000 short, due to delay by initial contractor in setting up the appropriate accounting/records mechanism.

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

Two participants will complete doctoral training and dissertations. The remaining two, under the direct supervision and with funding from their institutions, will complete their doctoral training by the first quarter of 1994. The Project Evaluation Summary (PES) will be completed by 11/30/93 and the Project Assistance Completion Report will be completely by 2/28/94.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A ___ B ___ C X

IA. BACKGROUND DATA

Project Title:	AGRICULTURAL TECHNOLOGY TRANSFORMATION (ATT)
Project Number:	527-0282
Date of Authorization:	06/26/87 amended 08/31/87
Date of Obligation:	09/25/87 amended 08/02/90
PACD:	08/31/93
Implementing Agencies:	FUNDEAGRO, ONA, INIA, UNALM
Major Contractors:	North Carolina State University (NCSU)
AID Project Manager:	Harry E. Wing
Status of CPs/Covenants:	CPs: satisfied; Covenants: satisfied
Date of Last Evaluation:	05/93 Next Evaluation: None

Planned Number of Non-Federal Audits during Fiscal Year: Four
The Number of such Audits Contracted for/Completed: FUNDEAGRO and ONA
Date of Last Audit: 12/31/91 Date of Next Audit: 12/31/92 (in process:FUNDEAGRO and ONA only)

NOTE: 1) INIA nor UNALM complied with RCAP responsibilities.
2) 100% Voucher Examination contracted for periods not audited thru 8/31/93 for all implementing entities.

IB. FINANCIAL DATA

Amount Authorized:	DA Grant:	$ 25,000,000	
Amount Obligated:	DA Grant:	$ 23,397,752	
Amount Committed:	Period:	$ 628,888	
	Cumulative:	$ 23,197,752	
Accrued Expenditures:	Period-Projected:	$ 1,200,000	
	Period-Actual:	$ 1,160,765	
	Cumulative:	$ 22,783,050	
	Period-Next (10/93-3/94):	$ 0	
Counterpart Contribution:	Planned:	$ 27,000,000	(LOP-Cash Tit.III)
	Actual:	$ 23,000,000	(Cash-Title III)

% of LOP Elapsed:	100%
% of Total Auth. Oblig.:	93.59%
% of Total Oblig. Exp. :	97.37%
% of Total Auth. Exp. :	91.13%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: The Project supports Strategic Objective No. 2: Sustainable Economic Growth Led by the Private Sector. The components of the Project (technology generation, technology transfer, and human resource development) are designed to obtain and diffuse new agricultural technologies and practices, thereby increasing agricultural productivity and producer incomes.

Percent of LOP Funds Relating to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

The purpose is to expand the scope and improve the quality and relevance of agricultural technology being generated for Peruvian agriculture, and the technology transfer services being provided to Peruvian farmers in order to increase rural incomes and reduce unit costs of agricultural production while increasing agricultural productivity and yields. This purpose was to be accomplished by strengthening the Institutions, public and private, that were to generate and diffuse agricultural technology.

III. PROJECT DESCRIPTION

The Project consists of three closely inter-related components (technology generation, technology transfer, and human resource development) which correspond to the three major functions performed by the agricultural technology generation and transfer system. Funded by $25 million of grant funds and $27 million of GOP resources, the Project works with two private sector institutions (FUNDEAGRO and ONA) and two public sector institutions (INIA and UNALM) in developing and disseminating new agricultural technologies. The Project also assists in improving the management and administration of INIA, the teaching program of UNALM, and the linkages/collaboration between private and public agricultural institutions.

IV. PROJECT STATUS

The Project was terminated on August 31, 1993, according to the original PACD.

Despite the continual conflicts (jealousies?) between the public and private sector implementors --even various Ministers of Agriculture and the President of Peru became involved at different points in the life of ATT-- the Project accomplished most of its EOPs and major outputs, as can be observed in the following discussions under Project Status.

During the period of the Project, A.I.D. was the only international donor providing assistance for the generation and transfer of agricultural technology in Peru. As the final Project evaluation emphasized, thanks to ATT funding and technical assistance from North Carolina State University, INIA was able to survive and maintain its institutional capacity for research which USAID/Peru had helped build up since the late 1960s. In other words, ATT assured A.I.D.'s investment during a period of crisis.

ATT funding was also responsible for the initiation of Peruvian privatization of agricultural technology generation and transfer through the Project's competitive grant research program, support to private sector research/extension enterprises, establishment of the private sector seed system, and support to privatizing INIA research stations. These activities will be continued under USAID/Peru's ongoing Export, Trade and Development Project.

Building on the A.I.D./GOP experience in generation and transfer of agricultural technology over the last 25 years --and especially under ATT-- beginning in 1994 the Interamerican Development Bank will provide $60 million through its Agricultural Sector Loan to restructure the Peruvian research and extension system.

1. Training Component

The original design projected a total of 21 advanced degree offshore fellowships as well as 16 offshore post-doctoral and sabbatical study fellowships during the LOP. In fact, 21 offshore advanced degree fellowships were funded but none of the post-doctoral or sabbatical fellowships. The proportion of Ph.D. degrees funded was lower than planned (9 instead of 13), while that for M.S. degrees was higher (12 instead of 8).

The in-country training program projected full scholarships for 200 M.S. students. In fact, only 65 scholarships were granted, 42 of them for studies at UNALM, 18 at the Universidad Nacional de Piura, and 5 at the Universidad del Altiplano in Puno.

The partial scholarship program projected the completion of 160 M.S. degrees. With the graduation of an additional 12 students during this reporting period, 133 of the planned 160 students have completed their degrees.

2. Research Component

The Project employed two main channels for funding research efforts: INIA and FUNDEAGRO. During the reporting period, the number of INIA programs supported by the Project was reduced from 23 to 16. Within these 16 programs, 233 research projects were carried out. Three new crop varieties have been obtained and 12 new cultivation practices have been developed. INIA conducted a Researchers Day to recognize the effort of their best researchers and the organizations that have contributed to make the research possible. The Mission was awarded a diploma for its continued collaboration.

Of the 172 research projects funded through FUNDEAGRO, 144 have already been finished and the results have been written up. A volume of abstracts of the best 100 of these projects was published during the reporting period. Results from the remaining 28 projects will be delivered to FUNDEAGRO during the next three months.

At a considerably reduced level, UNALM carried out 27 research projects and the results were published.

3. Technology Transformation Component

This has been the weakest Project component throughout the LOP. The Centros de Difusión de Tecnología (CDTs) were created in 1992 to operate under ONA management. During the reporting period, INIA decided that it would take over the implementation from ONA. However, INIA did not develop any plans for the diffusion of technology until the end of May, while agreements were not prepared and signed until the end of July (INIA expected that the PACD would be extended). Since the Project was terminated in August, all activities were stopped; only few accomplishments under this component were achieved by ONA in 1992.

A. EOPS

	Planned EOPS	Progress to Date
1.	Technology generation to be achieved by consolidation and integration of INIA's research programs;	INIA research stations consolidated from 34 to 14, linkages with universities solidified, new technology developed.
	Strengthening INIA's administration and management; and	Developed systems used to train personnel at 7 research stations.
	Expanding research opportunities.	Peer group selection/monitoring/evaluation system operational, results published.
2.	Technology transfer to be achieved by establishing a technology transfer specialist program;	Increased use of mass media methodology in 12 research stations and 6 private sector enterprises.

Stimulating private sector technology transfer enterprises; and	ONA participation in farm management, production costs, supply/demand function operational at nine sites. Fifteen private farmer associations created to take over INIA's research stations.
Stimulating an improved seed production and distribution system.	Organizational seed certification system established by Supreme Decree, regulatory guidelines developed. Nine CODESE's are operational; one seed mill in Arequipa is operational and one in Tarapoto will be installed in November.
3. Human resource development to be achieved by strengthening UNALM's administration and teaching programs;	Graduate school support and library information systems strengthened. "Becas Parciales" Program resulted in 133 graduated beneficiaries.
Improving research, teaching and extension materials;	
Competitive graduate study fellowships and participant training implemented.	Training carried out.

B. Major Outputs

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
I. Technology Generation							
A. Improved technology							
1. New/improved seed varieties	55	5	55	0	3	49	89
2. Basic seed produced (MT)	20,550	3,000	20,550	0	2,000	16,800	82
3. Improved agronomic practices developed (and disseminated)	300(300)	20	300(300)	0	12	192	64
4. Improved animal husbandry practices developed (and disseminated)	15(12)	2	15(12)	0	-	12	80
B. Additional university faculty and private sector scientists active in research	250	20	250	0	20	230	92
II. Technology Transfer							
A. Technology transfer specialists trained	55	0	55	0	0	71	129
B. Training of private sector professionals to extend technology	40	0	40	0	0	40	100
C. Private sector enterprise models formed for technology transfer	10	0	10	0	2	6	60
D. A National Seed Assoc.formed	1	0	1	0	0	1	100
E. Regional Seed Associations established	3	1	3	0	1	9	300
III. Human Resources							
A. Improved university graduate teaching program	-	Unquantifiable			-		
B. Establish a private sector scholarship program	1	0	1	0	0	1	100
C. Participant Training							
1. Long-Term							
a. In-Country M.Sc	200	0	200	0	48	65	33
Female	-					16	-
Male	-					49	-
b. External M.Sc	8	0	8	0	0	12	150
Female	-					4	-
Male	-					8	-
c. External Ph.D.	13	0	13	0	0	9	69
Female	-					-	-
Male	-					9	-
2. Short-Term							
a. Non-academic	160	24	160	0	12	133	83
Female	-					40	-
Male	-					93	-

C. Other Accomplishments and Overall Status

One additional Departmental Seed Commission (CODESE) was installed in Andahuaylas, Apurimac at the request of the agricultural producers of this area. This CODESE will certify mainly wheat and potato seed.

The CODESEs in Piura and Chiclayo have become self-sufficient. The CODESEs in Trujillo, Lima and Ica presently cover 60 percent of their operating costs, while

those of Cuzco and Arequipa are financing only 30 percent. The CODESE in San Martin will need to have complete support until the seed processing plant in Tarapoto becomes operational at the end of November. The Mission's Upper Huallaga Area Development Project is providing additional funding to finish construction of this mill.

The final evaluation of the Project was finished on June 12. The following successful Project activities identified by the evaluation will be continued under an amendment to the Mission's Export, Trade and Development (ETD) Project:

- The Private National Seed Certification System. The ATT fostered the promulgation of a Law to create this private system. This system is unique in South America because it is totally private.

- Competitive Private Research. Under this activity, ATT made funds available for competitive research grants to individual researchers and/or business firms which can access research facilities and counterpart funds and will be carrying out applied and adaptive research in areas or commodities of interest to the Project objectives.

- Private Sector Technology Transfer. The ATT Project did not take full advantage of the potential that exists for private sector involvement in technology transfer. However, the potential exists and this activity will be carried out under the ETD Project.

D. Problems and Delays

Voucher liquidation is still a problem since the implementing institutions are not current in their liquidations with the Mission. A reserve is being retained by the Mission to cover delinquent liquidations.

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

From September through November, the final Project close-out activities will be undertaken. The most important actions are:

-preparation of the PES
-preparation of the PACR
-liquidation of all outstanding advances

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A __x__ B___ C ___

IA. BACKGROUND DATA

Project Title:	ADRA/OFASA OPG: Nutrition and Food-for-Work
Project Number:	527-0328
Date of Authorization:	09/30/88
Date of Obligation:	09/30/88 Amended 07/26/89 Amended 03/30/90
PACD:	12/31/92 Amended 03/31/93 Amended 06/30/93
Implementing Agency:	Adventist Development and Relief Agency, ADRA/OFASA del Peru
Major Contractors:	None
AID Project Manager:	Alfredo Gutiérrez
Status of CPs/Covenants:	None

Date of Last Evaluation: 06/93 Next Evaluation: None
Planned Number of Non-Federal Audits During Fiscal Year: One
The Number of such Audits Contracted for/Completed: None
Date of Last Audit: None Next Audit: 12/31/93 OMB A-133 Audit: FA/OP Responsible

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	$ 1,250,000
Amount Obligated:	DA/ESF Grant:	$ 1,246,795
Amount Committed:	Period:	$ 3,205
	Cumulative:	$ 1,246,795
Accrued Expenditures:	Period-Projected:	$ 0
	Period-Actual:	$ 3,205
	Cumulative:	$ 1,246,795
	Period-Next: (10/93-3/94)	$ 0
Counterpart Contribution:	Planned:	$ 341,600
	Actual:	$ 376,600

% of LOP Elapsed:	100.00 %
% of Total Auth. Oblig.:	99.74 %
% of Oblig. Exp.:	100.00 %
% of Total Auth. Exp.:	99.74 %

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project relates directly to Mission Strategic Objectives Nos. 2 and 3: Sustainable Economic Growth Led by the Private Sector, and Improved Health Status through Access to Quality Primary Health Care by: (1) providing a social safety net to poor Peruvians suffering the effects of structural adjustment; (2) stimulating income growth through labor-intensive productive activities among small farmers and micro-entrepreneurs, and (3) improving the health status of nutritionally at-risk families.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 60%
No. 3 - 40%
100%

IIB. PROJECT PURPOSE

The purpose is to provide support to ADRA/OFASA's institution-building and program development process aimed at improving and expanding its maternal and child health programs and developing its food-for-work activities in the priority areas of agricultural production, productive community infrastructure and micro-enterprise development.

III. PROJECT DESCRIPTION

ADRA developed a health and nutrition component aimed particularly at pregnant and lactating mothers and nutritionally high-risk children from 0-59 months of age. Activities focused on basic sanitation, hygiene and primary health care.

Two other components addressed the issue of income growth and greater economic stability by promoting the organization of group-operated enterprises and the generation of employment opportunities as well as greater production and productivity in the agriculture sector. The latter component provided agricultural credit, tools, and other inputs to farmers with below average yields.

The Project implemented selected infrastructure activities, especially those which supported agricultural and other productive activities, in order to increase incomes and enable essential services to be provided to the communities.

IV. PROJECT STATUS

Over the OPG period ADRA/OFASA tackled the problems of inadequate or non-existent primary health care services, low income and unemployment, below average agricultural productivity and unrealized development potential among at-risk families living in rural and marginal peri-urban areas. What resulted through the different Project components follows. Separately, a statistical summary of achievements and data on end-of-project-status are provided.

As can be observed by the detail in this section of the SAR, the Project was extremely successful in surpassing the planned EOPs and major outputs.

1. Maternal/Child Health Component (MCH)

ADRA/OFASA professional staff established and reinforced permanent primary health care services at the community level, training local health workers or promoters. Activities included training of pregnant and lactating women in nutrition, health, and family management techniques through structured course modules, monitoring of child growth and nutritional status, directed treatment of malnourished children, implementation of community gardens, community kitchens (comedores), and distribution of supplemental food.

2. Agricultural Development Component (AD)

To increase yields, income, and food availability among small farmers whose yields were currently below the regional average, ADRA/OFASA technicians, supplemented by local promoters and technicians from Ministry of Agriculture and Departmental Development Corporations, provided technical assistance in agricultural techniques, soil conservation, crop diversification, and utilization of improved seeds primarily through on-farm demonstrations. ADRA/OFASA supplied the participating farmers with tools and other inputs, including seeds and fertilizer, in the form of loans, according to the Agricultural Revolving Fund norms, with repayment in crops to maintain the value of the funds for re-lending to the same or other farmers. The farmers received food rations as an incentive for their participation, until such time as their agricultural production reached levels of self-sufficiency.

3. Micro-enterprise Development Component (ME)

This component formed enterprise groups from among interested community members, employing a three-stage process. First, the group was instructed in proper production techniques for the commodity it intended to market. Second, the group members received on-the-job training in business management techniques. Finally, the Project provided technical assistance to the group during the first months of full-scale operation. During this third stage, groups received working capital loans in the form of materials, which were repaid through the Micro-enterprise Revolving Funds. The most popular production areas were: sweater knitting, clothes making, and straw weaving (e.g., baskets and mats). However, there was a wide diversity of other successfully established enterprises, such as furniture making, leather work, carpentry, toy making, lamp making, and handicrafts.

4. Basic Productive Infrastructure Component (BPI)

This was a traditional food-for-work activity in that community members formed work teams and received food in exchange for their labor in constructing infrastructure. ADRA/OFASA gave priority to works which contributed to increased productivity within the community, such as the construction and/or rehabilitation of irrigation canals, reservoirs, animal dips, food storage facilities, terraces, and demonstration plots. A secondary priority was attributed to the installation of latrines, potable water supplies, and sewerage system, as well as building and repair of wells, roads, and social infrastructure (e.g., health posts, schools, and community centers). ADRA/OFASA provided tools, materials, and training in construction techniques.

A. Planned EOPS	Progress to Date
1. Maternal/Child Health:	1. Maternal/Child Health:
a. Among those expectant mothers who enroll in the Project by the ninth week of pregnancy, at least 50% will initiate pre-natal control during the first trimester of pregnancy; of these women, at least 70% will continue to attend a minimum of one control per trimester during the final two trimesters of pregnancy, as evidenced by their control cards.	a. 68% of MCH participant mothers in the first trimester of pregnancy received prenatal care.

55

b. Among all child beneficiaries, a minimum of 70% will exhibit an adequate growth curve (weight-for-age).

b. 87% of participant children from 0 to 6 years of age demonstrated a positive growth curve (w/a).

c. Among all child beneficiaries, and those expectant mothers who enroll in the Project by the fifth month of pregnancy, a minimum of 70% will be up-to-date in their immunization schedules.

c. 73% of participants, both mothers and children, were updated in their immunization schedules.

2. Agricultural Development:
70% of field-crop projects will demonstrate a minimum per hectare increase in yield of 30% above the regional average.

2. Agricultural Development
Current data indicates that the increase in per hectare production was 28% over the regional average.

3. Basic Productive Infrastructure:
Give priority to works which contribute to increased productivity within the community; health and social infrastructure.

3. Basic Productive Infrastructure
ADRA/OFASA implemented construction/rehabilitation of irrigation channels, animal dips for disease control, and water reservoirs, the development of soil conservation activities, the repair of secondary roads, and the installation of potable water and sewage system.

4. Micro-enterprise Development:
a. 1,534 groups formed, with 118 completing stage three.

4. Micro-enterprise Development
a. A total of 608 Microenterprises (544 established and 64 legally constituted) were installed in stage 3.

b. An average 20% increase in the income of all participants.

b. 1,413 jobs were created and income increased by an average of 25% per participant.

B. MAJOR OUTPUTS

STATE OF EXECUTION OF THE PROJECT 527-0328 OPG: "NUTRITION AND FOOD FOR WORK"

Attachment "A"

ACTIVITIES	INDICATOR M. UNIT	GOAL FY 89-92 ORIGINAL	ACTUALIZED	EXECUTION FY 89	FY 90	FY 91	FY 92	ACCOMPLISHED 1989-92 QUANT.	%
MOTHER AND CHILD HEALTH:									
- Growth Monitoring	No. of Children	21,000	20,514	22,683	21,020	20,787	19,848	19,848	97
- Positive Growth Curve (w/a)	No. of Children		14,852		14,572	15,321	15,995	15,995	108
- Children Immunization	No. of Children		12,147		1,651	8,165	12,620	12,620	104
- Early Stimulation	No. of Children		6,913				8,022	8,022	116
- Training of Promoters	No. of Training		485		472	498	485	485	100
- Training of Infant Educators	No. of Infants		357			224	413	413	116
OTHER CHILDREN:									
- Complementary Feeding	No. of Children	9,437	12,391	15,584	16,461	15,299	14,654	14,654	118
AGRICULTURAL DEVELOPMENT:									
- Farming	Has. sown	1,278	1,278	471	732	672	923	2,797	219
- Communal Gardens	N° Gardens		137	47	70	76	99	292	213
BASIC SERVICE AND INFRASTRUCTURE DEVELOPMENT:									
- Irrigation Channels Construction	Km	560	421	191	209	294	317	1,011	240
- Irrigation Channels Rehabilitation	Km	350	222	63	274	142	80	559	252
- Water Irrigation Reservoir (250 m3)	M3	41,250	36,550	4,387	16,701	12,733	4,462	38,283	105
- Digging and Covering of Wells */	Number		845	256	208	269	576	1,309	155
- Terraces Construction	Has.		267	58	153	227	150	587	220
- Terraces Rehabilitation	Has.		80	7	12	81	37	137	171
- Wara Wara Construction	Number		48	4	38	163	28	233	485
- Leveling of Agriculture Lands	Has		45	18	35	21	19	91	202
- Rustic Food Warehouses Construction	Number		154	10	24	48	50	132	86
- Bathing for Disinfecting Animals (24 X 9 m)	Number	159	72	14	12	47	23	96	133
- Roads Construction	Km		583	95	180	275	170	721	124
- Roads Rehabilitation	Km		403	68	382	187	256	893	222
- Potable Water System	Ml		70,850	38,332	23,398	19,789	62,037	143,556	203
- Enlarging Sewage System	Ml		34,000			19,760	36,259	56,019	165
- Latrine Construction **/	Number		4,388	367	3,178	3,780	4,006	11,331	258
- MCH/ME Local Construction	Number		107	12		20	14	46	43
- Water Reservoirs for human consumption	Number		2,400			200	2,492	2,692	112
- Health Establishments	Number		30			21	34	55	183
- Sidewalks Construction	M2		25,000			4,267	25,096	29,363	117
- Bridge Construction	Ml		800			1,730	83	1,813	227
- Classroom Construction	Number		250			201	250	451	180
- Classroom Paving	M2		8,000			1,768	8,617	10,385	130
- School Fence Construction	Ml		11,000			24,465	11,418	35,883	326
- Child Comedor Construction	Number		8			15	8	23	288
- Community Local Construction	Number		50			64	52	116	232
- Swamp Drains Construction	Km		3			10	3	13	433
- River Dam Construction	Ml		3,000			3,214	3,745	6,959	232
- Communal Market Construction	Number		8			10	8	18	225
- Collection of Garbage	M3		51,000			196,122	51,853	247,975	486
- Electrification	Ml		17,000			5,299	17,868	23,167	136
- Stove Construction	Number		3			5	3	8	267

BEST AVAILABLE DOCUMENT

MICRO ENTERPRISES:									
• Promote the continuation of the ME projects:	Number	374	251	269	276	264		267	106
Skill phase projects	Number	215	134	243	199	135			
Administrative phase projects	Number	117	84	26	68	129	86	86	102
Participants qualified in organiz/administ ME	Number		731			1,242	1,774	1,774	243
Participants qualified in the work	Number		732			1,242	1,502	1,502	205
ME in the process of establishment	Number	42			2		142	142	
Participants qualified establishment of ME	Number				80		3,270	3,270	
• Micro Enterprises established	Number		58			52	492	544	938
Participants involved establishment of ME	Number		174			152	1,261	1,413	812
• Micro Enterprises legally established	Number		30				64	64	213
• Employment positions created	Number		174			152	1,261	1,413	812

*/ The goal for FYs 89 and 90 refers to wells drilled; and for FYs 91 and 92 refers to wells dug by hand at a depth of less than 5 meters.
**/ The goal for FYs. 89 and 90 refers to community latrines, and for FYs 91 and 92 refers to family latrines.

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

1. During the reporting period an external Final Evaluation, and OPG and Monetization Audit were conducted.

2. The comments and observations contained in the Audit Report have been satisfactorily resolved/fulfilled by ADRA/OFASA. The Manual of Norms and Procedures was submitted to the Mission as requested, and after review by the Controller's Office, was sent to RIG/Tegucigalpa.

3. The ADRA/OFASA OPG terminated on June 30, 1993.

4. An external evaluation of the Project was completed in August 1993 and the Spanish version was submitted to USAID. At the latter's request, the English version to be submitted by the end of October will also contain an Executive Summary and Index.

5. The balance of unused funds under the OPG (US$3,205) was de-obligated on September 22, 1993.

D. PROBLEMS AND DELAYS

None.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

The Project Evaluation Summary (PES) and the Project Assistance Completion Report (PACR) will be prepared by December 30, 1993.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 **A X B__ C_**

IA. BACKGROUND DATA

Project Title	: **CARE OPG: Food Assisted Integrated Development Project (PRODIA)**
Project Number	: 527-0330
Date of Authorization	: original 07/25/88 amendment 09/27/88
Date of Obligation	: original 09/27/88
PACD	: original 07/25/91 amended to 06/30/93
Implementing Agencies	: - CARE/Peru - The National Program for Food Assistance (PRONAA) - The Ministry of Health (MOH) for the Lima/Callao area and the Piura Dpt. - The Ministry of Agriculture (MOA) through the "Programa Nacional de Manejo de Cuencas Hidrográficas y Suelos" (PRONAMACHS)

AID Project Manager: Mario Quiroga
Date of Last Evaluation: June 1993 (Final) Next Evaluation: None
Planned Number of Non-Federal Audits during Fiscal Year: One
Number of such Audits Contracted: One
Date of Last Audit: 9/30/93
Date of Next Audit: 9/30/94 OMB-A133 Audit: FA/OP responsible

IB. FINANCIAL DATA

Amount Authorized (LOP):		$ 728,000
Amount Obligated:		$ 727,916
Amount Committed:	Period:	$ 84-
	Cumulative:	$ 727,916
Accrued Expenditures:	Period - Projected:	$ 6,000
	Period - Actual:	$ 5,526
	Cumulative:	$ 727,916
	Period - Next:(10/93-3/94)	$ -0-

Counterpart Contribution:		
GOP: (CY 1993)	Planned:	$ 1,478,170
	Actual:	$ 2,143,491

% of LOP Elapsed	:	100.00%
% of Total Auth. Oblig.	:	99.98%
% of Oblig. Exp.	:	100.00%
% of Total Auth. Exp.	:	99.98%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: The Project relates directly to Mission Strategic Objectives Nos. 2 and 3: Sustainable Economic Growth Led by the Private Sector and Improved Health Status through Access to Quality Primary Health Care by: (1) satisfying critical food aid needs for population groups living in extreme poverty, (2) stimulating income growth through labor-intensive productive activities among small farmers and micro entrepreneurs, and (3) improving the health status of nutritionally at-risk families.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 75%
No. 3 - 25%
100%

IIB. PROJECT PURPOSE

The purpose is to promote the integrated development of communities in depressed peri-urban and rural areas of major cities, and Sierra regions located in eleven departments of Peru, through active participation of the targeted population groups, in order to ensure their access to essential food, to increase their family incomes,

to improve health conditions, and to facilitate greater access to basic health services.

III. PROJECT DESCRIPTION

The PRODIA Project implements integrated development and human services activities in depressed peri-urban and rural areas. Three complementary sub-projects are being carried out in the peri-urban areas of some of Peru's major cities:

1. **Communal Feeding Centers or "Comedores".** CARE provides temporary allotments of Title II food to complement what the organized women's groups purchase locally. In addition to providing supplementary food, and in collaboration with MOH nutritionists and health workers, CARE provides training in hygiene, sanitation, and food preparation. Finally, CARE also trains the women leaders in "comedor" management, and administration with a view to establishing the food service as a self-sustaining enterprise.

2. **Women's Income Generation (WIG).** This activity is tied into the "comedor" component and uses a rotating fund mechanism to extend small loans to the women participants, either individually or in groups, generally for productive purposes.

3. **Small Micro-Enterprise Development (SMED).** Through this sub-project, CARE supports small entrepreneurs in a variety of productive areas. While the WIG activity supports business initiatives at basic and preliminary stages with very limited capital, the SMED component deals with persons who have generally acquired greater experience in or who are fully dedicated to their trade and are eligible for relatively larger loans.

In rural areas, CARE has developed the following two components:

1. **ALTURA.** This sub-project promotes the increased production and productivity of local agricultural crops in rural communities through the introduction of agro-forestry, soil conservation techniques, and responsible management of natural resources.

2. **WAWAWASI.** In the rural areas of Puno, Ancash (Huaraz), Piura, and Cajamarca, CARE has organized self-sustaining feeding activities called WAWAWASI which are nutritional rehabilitation centers for pre-school children. The activity is implemented in collaboration with the Ministry of Education which assigns and pays the local promoters who are responsible for the centers and the Ministry of Health which advises and trains participant families in hygiene, health, and nutrition matters. Furthermore, in collaboration with the Ministry of Agriculture, CARE promotes the production and use of native crops, particularly cereals such as: quinua, cañihua, and kiwicha which, in turn, form the nutritional base of the WAWAWASI rehabilitation strategy.

IV. PROJECT STATUS

The execution of the CARE/PRODIA OPG Project was programmed for the period 1989 to 1992. What was not foreseen was that during that period, the Peruvian economy was going to be affected by a serious inflationary and recessionary process. Also, terrorist activities affected small rural villages which created a constant migration to the cities. CARE/Peru had to change its assistance strategy to its "comedor" direct beneficiaries, increasing the number of "comedores" from 640 to over 2,500 annually, and extending the assistance period for each "comedor", from six to twenty-four months. The Project, through the communal feeding centers, served to meet the survival needs of the displaced migrants from the Sierra, which significantly increased the peri-urban population.

The PACD was amended from December 31, 1992 to June 30, 1993, in order to complete the Final Project Evaluation.

A. **EOPS**

In September 1988 when the OPG Agreement was signed, CARE/Peru established End of Project Status indicators for the seven components of the PRODIA Project and these are analyzed below. (Although the logical framework structure was not used in the original OPG documentation, certain assumptions were made, and are reflected mainly in the Project Agreement section which treats the counterpart implementing agency responsibilities.)

1. **The Communal Feeding Centers or "Comedores".** It was projected that by the end of the Project period, 60 percent of the"comedores" that received food assistance in CARE's regular program would maintain operations as community organizations for a minimum of one year after the CARE assistance ceased, but as mentioned before, because of drastically altered circumstances during the Project period (1989-1992), CARE had to change its assistance strategy to its direct beneficiaries, particularly to keep the cost of complete meal rations within the reach of those seriously affected by the economic crisis.

2. **River Bank Defense.** This component was active only through FY 90 when the General Directorate for Soil, Water, and Irrigation (DGAS) of the Ministry of Agriculture, the Project counterpart institution in charge of implementing this component, was dissolved. By the end of that period, only 211 linear meters of river bank of the 9,200 linear meters originally planned were protected with the construction of gabions to safeguard the lives and property of the poor living along the banks of the Rimac River.

3. **Forestation.** Like in the River Bank Defense component, CARE discontinued this particular forestation activity in FY 90. During the two years of implementation, however, changes in the Project produced results which surpassed the original Project plans. A total of 668 hectares of vulnerable agricultural land was protected with the planting of 1.1 million trees, (versus plans were to protect 265 hectares with 212,000 tree plantings annually). The current CARE Title II Project refocuses activities in this area on agro-forestry and soil conservation interventions which restore and protect scarce arable land resources in the Sierra.

4. **Small Enterprise Development Component.** By the end of the period, it was planned that a total of 3,800 loans would be provided under the guarantee fund; 5,608 were actually approved. CARE also projected the creation of 4,800 jobs, and that 8,000 people with a stable working position will maintain his/her job, while the Project's actual figures were 1,125 new jobs, and 16,553 people continue working on their existing position, thus, not increasing the unemployment list, nor becoming a member of the informal sector.

5. **Women's Credit Component.** It was planned that by the end of the period, 440 women would be trained in business management practices and receive loans. Expansion of this activity made it possible to have 3,115 women trained and gain access to credit. It was also planned that 22 "comedor" groups would be trained in accounting and credit management, and by the end of the period, 445 groups actually received this training, and achieved access to these rotating funds.

6. **Disaster and Emergency Assistance.** The Project originally programmed that 140 community leaders from 48 communities would be trained in disaster preparedness and post-disaster management, and be in place in their communities to take charge when an emergency occurred. Unfortunately, this activity never started, mainly because CARE/Peru never successfully reached a workable agreement with Civil Defense.

7. **Community Initiatives Component.** Through this food-for-work component CARE planned that approximately 700 community work groups

would be organized, and 700 infrastructure activities completed by the end of the Project. The component was implemented through FY 91, and in those three years 730 work groups were organized, and approximately an equal number of communal infrastructure projects completed. In addition, 1,557 metric tons of Title II food were distributed to 70,485 participating families.

B. **MAJOR OUTPUTS**

Activities	Planned LOP	Accomplished Cummulative	% of LOP
1. Kitchen Feeding Centers			
- No. of "comedores" receiving food annually	640	2,550	400
- Volume of food donated from abroad (TM)	16,096	77,463	481
- Number of annual beneficiaries ('000)	125	396	317
2. River Bank Defense... (a)			
- Construction of gabions(m.)	9,200	211	2
3. Forestation...(a)			
- Has. forested	1,060	668	63
- Trees planted ('000)	848	1,100	130
4. Small Enterprise Development			
- Reinforcement of existing jobs (No.)	8,000	16,553	207
- No. of new jobs created	4,800	1,125	23
- Loans w/CARE's guaranty	3,800	5,608	148
5. Women's Credit Component			
- No. of women trained in business management and with access to credit	440	3,115	708
6.- Disaster and Emergency Assistance...(b)			
- 140 community leaders trained in disaster management	140	0	0

(a) Component active only through FY 1990
(b) Activity never started.

During the LOP, the following was accomplished:

- 1,583,793 people benefitted through food-for-work, and supervised feeding programs with 77,463 MT of donated food.
- 445 women's organizations received $304,160 in credits for small business initiatives.
- 140 WAWAWASIs (nutritional rehabilitation centers) were established, improving nutritional levels of 3,958 at-risk children.
- 16,320,000 seedlings were produced by community nurseries, establishing agroforestry plantations, and block reforestation on 12,876 Has. of communal land; 147,711 people benefitted, receiving 6,225 MT of donated food, and restoring scarce arable land for farming.
- More than US$4,000,000 were loaned to 5,608 enterprises, creating 1,125 jobs and 16,553 People continue working on his/her existing job; 20% of the supported entrepreneurs increased their incomes by more than 10% .

C. **OTHER ACCOMPLISHMENTS AND OVERALL STATUS**

1.- The Project's Final Evaluation was submitted in late August 1993.

2.- On April 5, 1990 the Mission received Voucher No. 2064-90 from CARE/Peru, requesting a reimbursement of OPG funds for US$6,816.79. USAID approved the request, and RAMC Mexico issued a check for the same amount, which was transmitted to CARE New York Headquarters Office on April 16, 1990. The check never arrived to its final destination, and apparently was illegally endorsed and cashed.

CARE/Peru has requested the USAID/Peru Mission's assistance in order to follow-up the claim, presented to the Financial Management

Service of the U.S. Department of the Treasury.

D. **MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS**

1.- The Project Evaluation Summary (PES) will be prepared, and distributed by December 30, 1993.

2.- The Project Assistance Completion Report will be submitted as scheduled by December 30, 1993.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A ___ B X C ___

IA. BACKGROUND DATA

Project Title:	Employment and Natural Resource Sustainability
Project Number:	527-0341
Date of Authorization:	09/30/91
Date of Obligation:	09/30/91
PACD:	09/30/95
Implementing Agencies:	The Nature Conservancy (TNC), Fundación Peruana para la Conservación de la Naturaleza (FPCN)
Major Contractors:	N/A
AID Project Manager:	Carlos E. Ayala
Status of CPs/Covenants:	N/A
Date of Last Evaluation:	N/A Next Evaluation: 10/93
Planned Number of Non-Federal Audits during Fiscal Year:	None
The Number of such Audits Contracted for/Completed:	None
Date of Last Audit:	N/A Next Audit: N/A

Audit (type A-133) is the responsibility of FA/OP

1B. FINANCIAL DATA

Amount Authorized:	DA Grant:	$ 3,600,000
Amount Obligated:	DA Grant:	$ 3,600,000
Amount Committed:	Period:	$ 1,419,000
	Cumulative:	$ 3,485,000
Accrued Expenditures:	Period - Projected:	$ 528,000
	Period - Actual:	$ 456,596
	Cumulative:	$ 855,712
	Period-Next:(10/93-3/94)	$ 300,000
Counterpart Contribution:	Planned:	$ 1,400,000 (in-kind and cash)
	Actual:	$ 138,291

% LOP Elapsed:	48.97 %
% of Total Auth. Oblig.:	100.00 %
% of Total Oblig. Exp.:	23.76 %
% of Total Auth. Exp.:	23.76 %

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

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

Percent of LOP Funds Relating to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

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

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

IV. PROJECT STATUS

During this reporting period, the Project focused on hiring/training staff, advancing the three baseline studies, and working with communities (construction of two Community Development Centers, workshop on participatory rural appraisal, and purchase/installation of equipment for community operations). The end of FY 1993 marks the transition to a stage of results and Project impact on the Reserve. For example, the first income-generating activity, improved dry-salt processing for fish preservation, was selected based on a preliminary economic analysis during Project design. This activity aims at extending the preservation of fish to (1) increase supply and sales of fish during the low fishing season, (2) reduce product loss, and (3) tap distant markets which offer higher prices.

Project staffing: The Project hired an operations assistant to support the Project Director in purchasing and operations. An additional secretary was hired. Two promoters were also hired for the Community Development Centers (CECODES). In addition, ten individuals from Loreto and San Martin were hired as new Reserve conservationists.

Technical assistance: Dr. Peter Bayley, fish ecologist, visited the Project on May 8-22 and September 20 to October 2. He made recommendations on: a) Reserve resource management, b) economic activities in communities, and c) the three studies in progress (rapid ecological

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assessment, natural resource capability, and socio-economic studies). He also reviewed plans and made recommendations for a study of community fisheries and for a research project on salt-drying fish.

Equipment purchase: The Project purchased boats, radios, and other basic equipment for field operations. Based on advice from a consultant, solar power generators were installed in several control posts, and a full radio communications network was established to facilitate contact with Iquitos, community centers, and Project boats. Additional microcomputers were purchased for installation in the CECODES.

Construction: The construction of the two CECODES, one in Veinte de Enero and one in Manco Capac, began in August. An architect designed the centers to make use of local building materials. Community members are participating in gathering materials and building the centers. The renovation of the control post at the mouth of the Pacaya River and several other posts was completed.

Reserve patrol and management: New Reserve conservationists were assigned to six control posts located at strategic points in the Reserve. The Project Director entered into discussions with officials from the National Police Force regarding collaboration for law enforcement in and around the Reserve.

A. EOPS

	Planned EOPS	Progress To Date
1.	Increase of 10-20% in incomes of the 5,000 direct beneficiaries of the Project based on new economic activity which is environmentally sustainable.	None as yet. Baseline studies are nearly completed. First income generating activity (improved salt-drying of fish) was selected.
2.	Enhanced employment opportunities and other economic benefits for approximately 100,000 people within and around the Reserve.	Two community centers were established and staffed. Methodologies for participatory rural appraisal were put in place.
3.	Maintenance or increased availability of economically important species within the Reserve.	Six Reserve control posts were staffed.
4.	No net gain in environmental degradation of the Reserve and within the Project designated areas.	Reserve conservation staff was hired and equipped and is ready for training in order to secure an adequate Reserve patrol. The radio communications network was installed and is operative.
5.	Enhanced community awareness of the feasibility and desirability of sustained yield practices.	The coordinators for community development and conservation, and two promoters were hired, trained, and equipped. They are working in two communities.
6.	Increased product volumes in extractive industries, fishing, and agroforestry.	None as yet.

B. Major Outputs

		Planned				Accomplished		
		LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1.	Community centers built	6	0	2	0	0	0	0
2.	Control posts renovated	4	2	4	0	0	2	50
3.	Baseline studies finished	3	2	2	1	0	0	0
4.	Income studies finished	8	3	3	1	0	0	0
5.	Resource studies finished	8	2	2	1	0	0	0
6.	Income activities operating	8	2	2	1	0	0	0

7.	Resource activities operating	6	2	2	1	0	0	0
8.	People trained (short term)	211	20	34	50	16	22	10

C. Other Accomplishments and Overall Status

On April 22, Project staff made a presentation of the Project at USAID/Peru. The Mission Director, staff, and fifty other interested persons, many from conservation groups, attended the presentation.

Routine coordinations continued in Iquitos with regional government authorities, Instituto de Investigaciones de la Amazonia Peruana, Universidad Nacional de la Amazonia del Peru, local representatives of ACF, WWF, and others. The World Wildlife Fund has secured financing for its project in Pacaya-Samiria; after more than a year of delay, its project will enter into field operations. Close collaboration with TNC is anticipated.

The Project is making good progress and almost all activities are being accomplished as planned. By the end of this reporting period, USAID/Peru staff initiated the search for professionals to conduct the Project evaluation, and received from TNC a proposed set of terms of reference for review and approval. The evaluation is scheduled to start in November 1993.

A gender-based analysis conducted during Project design determined the important role of Reserve community women in income-generating activities and natural resource conservation. This role is continually kept in mind for activity planning involving training, conservation education and dissemination, and economic/financial decision-making.

D. Problems and Delays

The Project encountered no serious problems during this reporting period.

The three baseline studies are behind schedule, but the Project staff are satisfied that the methodologies are working well for data gathering. These studies are expected to be completed during the next reporting period.

Continuing reorganization in the regional government has slightly interfered with coordination, but without causing negative effects.

After solving a temporary administrative bottleneck in its headquarters caused by accounting demands from a diversity of international conservation projects, TNC resumed the request for reimbursements from the Mission by the end of this reporting period.

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

- Undertake the mid-term evaluation of the Project.

- Complete Phase II of the rapid ecological assessment and the natural resources capability study.

- Complete construction of two Community Development Centers.

- Train Reserve conservationists and motorists.

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PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993 A ___, B ___, C X

IA. BACKGROUND DATA

Project Title:	Policy Analysis, Planning, and Implementation
Project Number:	527-0343
Date of Authorization:	original 09/29/90 amendment
Date of Obligation:	original 09/29/90 amendment 09/30/93
PACD:	original 03/30/95
Implementing Agencies:	Office of the Secretary General of the Presidency (SEP) Confederación Nacional de Instituciones Empresariales Privadas (CONFIEP)
Major Contractors:	Development Economies Group, Joint Venture (DEG)
AID Project Manager:	Jerre Manarolla, ECON
Status of CPs/Covenants:	CPs: on track ; Covenants on track
Date of Last Evaluation:	None Next Evaluation: 2/94
Planned Number of Non-Federal Audits during Fiscal Year:	None
The Number of such Audits Contracted for/Completed:	n/a
Date of Last Audit:	None Next Audit: n/a

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original	$ 7,150,000	
Amount Obligated:	DA/ESF Grant: original	$ 1,185,808	amended to $ 6,645,808
Amount Committed:	Period:	$ 1,965,946	
	Cumulative:	$ 3,242,111	
Accrued Expenditures:	Period - Projected:	$ 870,000	
	Period - Actual:	$ 416,549	
	Cumulative:	$ 1,175,072	
	Period - Next:	$ 940,000	
Counterpart Contribution:	Planned:	$ 200,000	(in kind)
	Actual:	$ 40,000	(in kind)
% LOP Elapsed:	65.45%		
% of Total Auth. Oblig.	92.94%		
% of Total Oblig. Exp.	17.68%		
% of Total Auth. Exp.	16.43%		

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

The project directly supports:

Strategic Objective No. 2: " Sustainable economic growth led by the private sector". This activity supports the objective by establishing a basis for decision making through technical assistance and studies which results in:public/private sector dialogue, official decrees, and regulations which promote increased private investment and facilitate expanded trade to improve the quality of life for Peruvian society.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 100%

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

The project goal is to generate positive, macroeconomic outcomes for the Peruvian economy, and promote efficiency in the allocation of resources. The project provides high level technical expertise to meet the need of the Government of Peru (GOP) for planning, developing, implementing and monitoring economic policies, programs and projects. Short term macroeconomic analyses in high priority areas as well as training and information dissemination relating to policy analysis and the decision-making process will benefit both the public and the private sectors. Requests for technical studies/assistance and training for the public sector are channeled by the Office of the Secretary General of the Presidency (SEP). CONFIEP channels proposals coming from the private sector.

IV. PROJECT STATUS

The project was temporarily suspended by the events of April 5th (Fujimori's shutting down Congress). This resulted in a temporary suspension of project support to the GOP and caused a delay in project start-up by the Institutional Contractor and with the SEP. The Chief of Party (COP) did not arrive in Lima until September, 1993 because of Embassy security concerns. With the arrival of the COP and the hiring of the Training Officer, the Institutional Contractor is now fully staffed. Finally, after 3 years of implementation delays, the project is now in its initial implementation shake-down period of getting operational processes underway with the SEP. Up until this period, the project has relied heavily on CONFIEP to assure primary implementation responsibilities.

During the reporting period, the project financed mainly private sector initiatives. Among these , a recent study (Economic Proposals for Constitutional Reforms) has provided recommendations which were considered by the government for implementation under the new

proposed Constitution to promote sound economic policy changes. A study on the Municipal Taxing system will be used as one of the foundations for the new Law on Municipalities, and another, in Labor Reform, has been used as a guideline to reach consensus - about labor policy - among managers and workers .

In terms of the project goal: to promote sound macroeconomic policies, Table 1 shows the accomplishments in this area by the Government of Peru. The results in terms of : GDP growth, primary surplus, privatization revenue, growth rate of the money supply and the change in international reserves were superior to the targets set. The project is financing for the next period studies that will provide policy recommendations about some remaining problems (Table 1): tax reform, the decrease in the export growth rate, the current account deficit and other structural reforms.

Since the project is significantly behind schedule and is facing difficulties in its initial startup with the SEP, the project has a "C" rating.

A. EOPS

PLANNED EOPS	PROGRESS TO DATE
Increase GOP capacity of economic analysis and implementation of policies as evidenced by policy changes	As a consequence of research/studies major successes were: tariff reforms (Decree 757), decrees to promote private investment (757), antimonopoly decree (701), decree for Infrastructure works and public services concessions (758), Consumers protection decree (716), Anti-dumping decree (25629), Non performing debt decree (25683), Guarantee regime for Private Investment decree (162-92EF), in addition to several new proposed pieces of legislation, currently under consideration by GOP, as well as modifications of former legislation. A training seminar in basic economics has been held for members of the Constituent Assembly.
Design programs to help accomplish economic stabilization and reorient the economy towards the private sector	Same as above (Decrees Nos. 757, 701, 758, 25629, 25587, 25683, 162-92EF). These decrees reduce the Government participation in the economy and give a central role to the private sector.
Promote sound exchange rate policy with fiscal & monetary discipline	Technical study on behavior of exchange rate, factors affecting its dynamic, and alternatives for sound policy regarding regulation of currency exchange. A roundtable discussion, on the results of the study with private and public representatives, took place.
Promote positive real interest rates, tax policies favoring savings, and simplify rules for the flow of private capital.	Approval of Decrees Nos.757, 25587, 25683 and 162-92EF. In addition to revision of Decrees No.25702 (on taxing) and No.097-92EF (on fractioning of imported goods' rights). Real interest rates are positive, taxes are directed towards discouraging consumption and foreign and domestic capital face equal treatment.
Promote liberalization of the economy and reliance on market forces.	Studies sponsored by project: a) design of a legal framework for liberalization and reform of foreign trade regulations, b)two studies for evaluation of state-owned banks and enterprises to prioritize privatization (privatization process is underway), c) framework for liberalization and reform of foreign trade regulations, which resulted in a strategy for negotiation with the Andean Group, de-activation of the Institute of Foreign Commerce, and re-structuring of customs services. Studies in process that were requested by the private sector deal with structural reforms and macroeconomic policy.
Promote adequate trade policies.	Studies, promoted above, resulted in decrees governing tariff reductions and quantitative restrictions that led to sweeping liberalization of trade structure.

Promote policies for sectorial sustained growth.	Study on the Mining sector resulted in modification of decrees 014-92EF and 708, which promote foreign investment. Input to L.D. 655 which eliminated PetroPeru's monopoly and created a basis for privatization. Other decrees modifications: fishing (750), private health services (718). Study/research projects for the development of tourism and agriculture are underway.
Increase private investment and employment.	Decrees resulting from studies/research promoted by project:757 (Private Investment Promotion), 162-92EF (Guarantee Regime for Private Investment), report of public investment policy which provided input into privatization process.
Growth in non traditional exports	Study/research projects which resulted in new regulations to promote growth in non traditional exports: Decree 25702. Studies to promote tourism inflow and reduce excess costs of Peruvian export sector are underway.
Improved access to primary health services in a context of reduced population growth.	Private sector study resulted in modifications of Decrees on Private Pensions (724) and on Private health Services (718), and promote private sector investment in these areas.
Strengthen civilian government institutions.	Study on constitutional economic proposals to consolidate structural reform and private sector institutions has been done and was used as one of the guidelines for the design of the economic aspects of the new Constitution.

B. Major Outputs

Below are listed the quantifiable outputs, while the non-quantifiable outputs are listed in IV.C.

		PLANNED			ACCOMPLISHED		
	LOP	PERIOD	CUM.	NEXT PERIOD	PERIOD	CUM.	% OF LOP
Trained GOP personnel in formulation, analysis & policy implementation.	Private Sector training (Number of Participants)						
	4320	0	0	300	0	0	0
	Long Term Training						
	4	0	0	0	0	0	0
	Short Term Training						
	US 28	0	0	12	0	0	0
	TC 37	0	0	0	0	0	0
	In-Country						
	575	0	0	150	0	0	0
Trained GOP & private sector personnel in applied economic analysis & project interventions.	Short-term						
	74	0	0	75	0	0	0
	Long-term						
	4	0	0	0	0	0	0
Seminars and workshops for private & public sectors.	136 (conf/days)	12	18	12	0	1	2.5

C. Other Accomplishments and Overall Status

Several studies have resulted in significant new decrees and regulations consistent with the goals and objectives of the project, such as promoting economic stabilization and sustained growth and generating adequate conditions for strengthening the ongoing democratization process. New regulations resulting from the study components, mentioned in the EOPS, sponsored by the project, are already contributing to increased private investment,

consolidation of sound economic policies to liberalize and facilitate national and foreign trade, privatization of inefficient public enterprises, and assurance of efficient customs and taxing policies and procedures. Tourism, financial instruments, structural reforms, and agricultural marketing projects are underway. Study terms of reference and guidelines have been the result of private and public sector consensus. PAPI has played an effective role in promoting GOP and private sector dialogue.

Based on these considerations, and an awareness of the Project's potential for improving the economic and political conditions in Peru, AID/W approved a request to initiate work by the IC. The IC initiated activities in December 1992, thus opening funding availability through corresponding IC budget line items. The IC was fully staffed as of September 5, 1993, which will lead to full project implementation during the next six-month period.

The project design placed coordination of GOP activities in the Secretary General of the Presidency (SEP) which was to work through a council composed of the major GOP economic Ministers, the CIAEF. This structure proved cumbersome (slow) in the prioritization of public sector requests, which led to the introduction of streamlined procedures that eliminated the need for CIAEF approval. These streamlined procedures have been in place since August, 1993.

The project will provide technical assistance for a study to support the establishment of a donor coordinating unit within the Government of Peru. An updated policy agenda is being formulated in conjunction with the I.C. to guide future direction of project studies.

Although the counterpart contribution has been low, the Government of Peru is taking action to achieve the full counterpart contribution by the PACD.

The CP has not been met because the Government of Peru has not requested to do Host Country Contracting, and the Mission is consulting with the RLA about modifying this CP. Delays in implementation have resulted in a low level of expenditures for the period, but actions are being taken to increase the level of expenditures in the next period.

D. Problems and Delays

The suspension of support to GOP initiatives after April 5th, 1992, and the consequent postponed initiation of work by the Institutional Contractor, has added nearly one additional year to initial delays in the original project timetable, where these initial delays were caused by a longer-than-anticipated contracting process.

New policy directions: New conditions resulting from the temporary suspension of support to GOP initiatives as well as conditions resulting from the need to adjust the on-going economic stabilization and recovery program have posed new demands on project strategies and activities not foreseen at the time of original planning and implementation of project.

Training: Since the training component of the PAPI project is dependent on the IC's work plan, and funds for this component can only be disbursed under their supervision, training implementation was delayed. The training officer of the IC came on board in September, 1993.

Implementation problem: Since the IC is fully staffed there have been delays in the implementation of the public sector studies due to fundamental differences about project implementation between the IC and the SEP. First, there are disagreements about the relevance of the projects presented in terms of economic policy needs and the impact they would have. Second, the projects which were prioritized by the Technical Unit of the SEP were poorly conceived proposals, which needed substantial revision. Third, there are disagreements about the methodology to follow in the development of the studies in order to insure quality and usefulness.

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

1. An evaluation is scheduled for February 1994, which will address, among others, the following issues: pipeline in relation to the present PACD, the problems in implementation of the public sector studies, and an amendment to the project to support the establishment of an economic policy unit in the Ministry of Economics and Finance (MEF).

2. Reinstate the role of the Consultative Group (Project's Advisory Board) and the CIAEF to get a broader view of the Government of Peru, insure the relevance of the policy agenda and the implementation of policy recommendations of studies.

3. Solve the problems between the IC and the SEP, while ensuring the quality and relevance of the technical studies/assistance and training components.

4. Negotiate an extension with GOP for the PACD, to insure policy achievements.

5. Implement the prioritized list of updated research, study and training proposals for both public and private sector, prepared by the Project's Technical Unit and CONFIEP in the next two rounds (10/93 and 1/94).

6. Implement the one year training plan, which includes gender-related components.

TABLE 1

STATUS OF MACROECONOMIC INDICATORS

P.A.P.I.	Baseline	Target	Accomplished
Indicator	1992	1993	1993
GDP growth rate (%)	-2.8	3.5	6.0 (Jan-Aug)
inflation rate (%)	56.7	27.0	31.9% (Jan-Sep)
domestic invest (% of GDP)	15.5	16.8	18.0
national savings (% of GDP)	10.4	10.8	n.a.
external savings (% of GDP)	5.5	6.5	5.2 (Jan-Mar)
consolid. deficit (% of GDP)	2.5	3.1	-0.5 (Jan-Mar)
primary surplus (% of GDP)	0.5	0.8	2.8 (Jan-Mar)
quasi-fiscal deficit (% of GDP)	0.1	0.1	zero
domestic financing of deficit (% of GDP)	0.1	zero	
tax revenues (% of GDP)	10.2	10.9	10.9 (Jan-Mar)
privatization revenue (% of GDP)	0.1	0.6	1.3 (Jan-Mar)
growth rate of M1 (%)	71.2	35	16.3 (Sep 15)
growth rate of M2 (%)	60.3	36	23.1 (Sep 15)
Central Bank net domestic assets (%)	-6.7	constant	
change in international reserves of the Central Bank ($ mil)	697	428	520 (Sep)
external current account deficit (% of GDP)	5.5	6.5	5.2 (Jan-Mar)
export volume growth rate (%)	4.7	4.0	-1.3% (Jan-Sep)
private capital inflows ($ bil)	2.0	1.4	0.6 (Sep 15)
debt payments to IFIs	current	remain current	
number of tariff rates (units)	2	2	2
surcharge system (# of products)	19	20	20
wheat & products surcharge (%)	> 45	40	35
ENCI trading limit ('000 mt)	300	food donations only	

Source: Central Reserve Bank

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BEST AVAILABLE DOCUMENT

PROJECT STATUS REPORT

April 1, 1993 - September 30, 1993

IA. BACKGROUND DATA A__, B_X, C___

Project Title:	Economic Stabilization and Recovery Program
Project Number:	527-0344
Date of Authorization:	original 09/30/91
Date of Obligation:	original 09/30/91
PACD:	original 1st. 9/92, 2nd. 9/93, current 9/94
Implementing Agencies:	Ministry of Economy and Finance (MEF)
Major Contractors:	None
AID Project Manager:	Jerre Manarolla, PDP/ECON
Status of CPs/Convenants:	CPs satisfied; covenants on track.

Date of Last Evaluation: None. Next Evaluation:
Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of such Audits Contracted for/Completed: None
Date of Last Audit: None Next Audit: CY 1993 recipient contract

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	original	$ 50,000,000
Amount Obligated:	DA/ESF Grant:	original	$ 50,000,000
Amount Committed:	Period:		$ -.-
	Cumulative:		$ 20,000,000
Accrued Expenditures:	Period - Projected:		$ 30,000,000
	Period - Actual:		$ 0
	Cumulative:		$ 20,000,000
	Period - Next:		$ 30,000,000
Counterpart Contribution:	Planned:		$ 20,000,000
	Actual:		$ 5,000,000 [1]

% LOP Elapsed:	67%
% of Total Auth. Oblig.	100%
% of Total Oblig. Exp.	40%
% of Total Auth. Exp.	40%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

The project directly supports:
Strategic Objective No. 2: "Sustainable Economic Growth Led by the Private Sector". Within the macro-economic reform, the GOP needs balance of payment support to meet its external financial obligations with financial creditors. The project support helps to alleviate the external financial needs of the public sector, thus liberating resources to the private sector. Through the policy dialogue, the project allows the establishment and maintenance of sound economic policies and structural reforms that promote economic stabilization and sustainable economic growth for the private sector.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 100 %

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

The project provides $50 million in balance of payments assistance in direct support to the Government of Peru's (GOP)'s economic reform program, and budgetary support to finance key counternarcotics activities. The resources will be provided in three tranches: $ 20 M, $ 15 M and $ 15 M. The first $ 20 M have been disbursed. The $ 30 M balance has been programmed to provide $ 15 M in HCOLC in support of the UHAD project (marginal road), i.e. balance of counterpart contribution. The disbursement of these funds are conditioned upon continued progress in the counter-narcotic and economic reform programs as established in the International Narcotics Control Act of 1990 (INCA). The U.S. dollar funds will be used to finance servicing of official GOP's debt to the IMF, the World

[1] Includes 4.5 M Trust Fund.

Bank and the Inter-American Development Bank, as consistent with the ESF Cash Transfer Assistance-Amplified Policy Guidance.

IV. PROJECT STATUS

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

Regarding the ESRP program, the GOP met the CPs for the first disbursement in December 1991. The US Mission two remaining disbursements were blocked following the events of April 5 (auto-golpe). The US Mission to Peru reported to Washington (in March 1993 in classified documents), that all CPs had been met for all tranches. However, as of this date, the Department of State has not allowed release of remaining funds. The disbursement of funds are being held up for "non-project"human rigth issues, in spite of the fact that control disbursements are on track, counternarcotic programs are progresing and the IMF economic reform targets are being met. The attached table shows a set of indicators to monitor the results of the ESRP project. All of them correspond to the economic targets, benchmarks and limits established with the IMF. Most indicators are available quarterly, though it is possible that some will be available only yearly.

A. EOPS: None stated in PAAD.

B. Major Outputs: None stated in PAAD.

C. Other Accomplishments and Overall Status

The project has helped the GOP to achieve international credibility as a result of a stabilized economy and the implementation of structural reforms. At an operational level, the project has also helped the GOP to improve the management of the counterpart and PL 480 funds through the establisment of the Ministry of Economy's technical (management), as called for the Agreement. The Department of State's authorization for the disbursement of the remaining $30 million has not been approved, and when the time comes the GOP will receive the second and third tranches after receipt of the equivalent of $7.5 million per tranche as counterpart contribution to activities of mutual interest (activity selected: rehabilitation of Carretera Marginal which links Huallaga Valley to Sierra and Coast).

Peru met all of the IMF economic conditionality under the RAP for 1991-92 and is doing the same under the current Extended Fund Facility (EFF). Peru's EFF with the Fund, which covers the period 1993-95, establishes six intermediate targets, called quantitative performance criteria. It is assumed that meeting these targets will help ensure that Peru's antinflationary policy stays on track. The six IMF targets focus on net domestic credit limits, minimum accumulation of net international reserves of the Central Reserve Bank, and limits on public sector contracting and guaranteeing of medium/long-term external debts, loans with maturities of at least one year. The final targets are of course to control inflation and lay out the basis for economic growth. Thus, for 1993 the Table shows that GDP growth will exceed EFF targets (7% vs. 3%), but inflation will also be higher than EFF targets (40% vs. 27%) and tax revenues will fall short of EFF targets (9% vs. 10%). The shortfall in tax revenue will be an issue for the IMF in November. The low rate of tax collection is clearly one of the weakest parts of the economic program because it provides insufficient revenues to meet GOP social sector and infrastructure financing requirements while simultaneously servicing the public sector's external debt.

D. Problems and Delays

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

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

-Negotiate release of disbursements when CPs met.
-Prepare annual review of GOP progress on economic reforms.
-Negotiate STMP for 1994.
-Carry out internal review of use of counterpart funds, as needed.
-As the Mission anticipates the use of $ 3 M in HCOLC --Trust Fund-- from the $ 30 M balance to cover FY 94 and FY 95 OE, an amendment to the PAAD needs to be negotiated.

PROJECT STATUS

Project Name	Project #				LOP Funding	
Economic Stabilization and Recovery	527-0344		91-94			
Indicator	Base.	Targ.t	Obs.	Obs.	Target	Obs.
	90	91	91	92	93	93
GDP growth rate (%)	-4.4	2.8	2.7	-2.8	3.5	6.0 (Jan-Aug)
inflation rate (%)	7650	60	139	56.7	27.0	30.7 (Jan-Sep)
domestic invest (% of GDP)	16.8	14.5	16.8	15.5	16.8	n.a.
national savings (% of GDP)	15.2	10.0	13.1		10.8	n.a.
external savings (% of GDP)	4.6	4.4	5.1	5.5	6.5	5.2 (Jan-Mar)
consolid. deficit (% of GDP)	6.5	3.1	3.3	2.5	3.1	-0.5 (Jan-Mar)
primary surplus (% of GDP)	-0.1	0.4	0.5	0.5	0.8	2.8 (Jan-Mar)
quasi-fiscal deficit (% of GDP)	1.1	0.5	0.4	0.1	0.1	zero
domestic financing of deficit (% of GDP)	3.3	0.0	-0.4	0.1	zero	
tax revenues (% of GDP)	9.6	7.6	8.4	10.2	10.9	10.9 (Jan-Mar)
privatization revenue (% of GDP)	------	------	------	0.1	0.6	1.3 (Jan-Mar)
growth rate of M1 (%)	4578	70	125	71.2	35	16.3 (Sep 15)
growth rate of M2 (%)	3773	78	164	60.3	36	23.1 (Sep 15)
change in international reserves of the Central Bank ($ mil)	174	676	773	697	428	520 (Sep)
external current account deficit (% of GDP)	4.6	4.5	6.3	5.5	6.5	5.2 (Jan-Mar)
export volume growth rate (%)	-9.9	-2.8	3.6	4.7	4.0	0.4 (Jan-May)
private capital inflows ($ bil)	0.4	1.0	2.1	2.0	1.4	0.6 (Sep 15)
debt payments to IFIs		0.5	2.6	curr ent	remain current	
number of tariff rates (units)	-----	3	2	2	2	2
surcharge system (# of products)	-----	20	20	19	20	20
wheat & products surcharge (%)	-----	20	30	> 45	40	35
ENCI trading limit ('000 mt)	------			300	food donations only	

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

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A ___ B _X_ C ___

IA. BACKGROUND DATA

Project Title:	EXPORT, TRADE AND DEVELOPMENT	
Project Number:	527-0349	
Date of Authorization:	original 9/30/91	amendment one: 3/15/93 amendment two: 9/23/93
Date of Obligation:	original 9/30/91	amendment one: 3/25/93 amendment two: 9/23/93
PACD:	original 3/31/97	amendment two: 3/31/98
Implementing Agencies:	ADEX (Exporters Association) IESC (International Executive Service Corps) ACDI (Agricultural Cooperative Development International)	
Major Contractors:	Louis Berger International, Inc.	
AID Project Managers:	Edilberto Alarcón/Eduardo Albareda	
Status of CPs/Covenants:	ADEX: completed IESC: N/A ACDI: Cooperative Agreement signed Sept. 23, 1993	
Date of Last Evaluation:	N/A	Next Evaluation: 8/94

Planned Number of Non-Federal Audits during Fiscal Year: TWO
The Number of such Audits Contracted for: TWO

Date of Last Audit: None — Next Audit: 12/31/94
ADEX has annual RCAP responsibility
IESC has OMB A-133 audits: FA/OP responsibility
ACDI has OMB A-133 audits: FA/OP responsibility

IB. FINANCIAL DATA

Amount Authorized:	Grant: original	$19,500,000
	Grant: amended	$27,500,000
Amount Obligated:	ADEX CA original	$ 4,300,000
	amendment two	$ 4,800,000
	IESC Grant original	$ 200,000
	amendment one	$ 200,000
	ACDI CA original	$ 2,614,089
	Obligated to date	$12,114,089
Amount Committed:	Period:	$ 4,635,334
	Cumulative:	$ 5,925,714
Accrued Expenditures:	Period-Projected:	$ 627,000
	Period-Actual:	$ 807,774
	Cumulative:	$ 1,470,803
	Period-Next: (10/93-3/94)	$ 2,000,000
Counterpart Contribution:	Planned:	$13,105,000 (LOP)*
	Actual:	$ 150,000
% LOP Elapsed:	30.37%	
% of Total Auth. Oblig.:	44.05%	
% of Total Oblig. Exp.:	12.14%	
% of Total Auth. Exp.:	5.34%	

* This includes $10 million HCOLC contribution for credit lines and the participation in direct technical assistance costs ($3 million) by beneficiary export firms within the ADEX CA.

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project is directly linked to Strategic Objective No.2: Sustainable Economic Growth led by the private sector, by helping Peru's non-traditional export sector expand production and generate employment.

Percentage of LOP Funds Relating to Strategic Objectives: No.1 - 100%

IIB. PROJECT PURPOSE

The purpose of the Project is to generate employment and to increase Peru's exports, primarily non-traditional exports.

III. PROJECT DESCRIPTION

The Project aims at strengthening Peru's export sector, helping it boost in a six-year time frame exports in agriculture/agroindustry, light industry/ metalworking and fishing sectors. The Project consists of the provision of technical assistance to non-traditional exporters in agriculture and industry and the enhancement of the export promotion services of ADEX and other export promotion organizations to provide sustained export services after the end of the Project. Originally, the Project had three components: (a) an export promotion services component to help identify export enterprises with the potential to increase their exports rapidly; (b) a component to provide technical assistance to those export enterprises identified for Project support; and (c) a local currency credit line component to meet the lending needs of non-traditional exporters.

On March 15, 1993, the Project was amended to delete the $50 million HCOLC investment component. The amendment narrowed the focus of the Project to activities contributing to increased exports as a means to create jobs and generate foreign exchange earnings through the private sector.

On September 30, 1993, the Project was again amended to include an agricultural productivity improvement component (API). The purpose of this component is to improve productivity and competitiveness of farmers engaged in the production of exportable agricultural products, through a mix of activities proved successful under the recently completed Agricultural Technology Transformation Project. These include technical assistance, use of improved technologies, application of adaptive research and credit ($10 million HCOLC) to acquire the necessary productive technologies.

IV. PROJECT STATUS

Given the delays in the contracting of the Institutional Contractor (explained in D, below), ADEX assumed a more active role in Project implementation with very satisfactory results. ADEX has built up a professional team of sector specialists, has completed the design of the Monitoring and Tracking (Impact) System, and is beginning to make progress in the design of the Commercial Information System. Local promotion services have been organized and promising export enterprises have been identified. A total of 30 seminars and workshops have been conducted and 45 experts have visited Peru under the ADEX grant. IESC, in turn, has been active in providing consulting services to 12 firms. An Export Sector Panel has been established to identify and prioritize needed reforms and to present policy proposals to the GOP. Finally, a Cooperative Agreement was signed with ACDI to implement the credit and community-based enterprise development pilot project under the API component.

A. EOPS

Planned EOPS	Progress To Date
1. $215 million increase in non-traditional export earnings. (*)	(*) When the Monitoring and Tracking System starts to operate in November, the Project's contribution will be reported.
2. 21,000 workers employed. (*)	
3. An enhanced local export promotion services capacity created.	ADEX and other export related private business institutions have started services such as the Arbitration Center in the Lima Chamber of Commerce (COC/L); information services in ADEX have been opened to all export companies; advisory services will be offered by the National Society of Industries (SNI); etc.
4. At least three non-traditional export products are being exported from the Upper Huallaga Valley or other coca growing areas.	Evaluation of Malaysian shrimp production potential has been started and is expected to be complete in June 1994.

B. Major Outputs

1. Promising export enterprises identified and selected.	Important Peruvian business groups are requesting ADEX's assistance and participation in the Project.
2. Strengthened local export promotion services capability.	ADEX has successfully organized export promotion seminars and workshops in

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	cooperation with other business institutions. (See narrative for EOPS 3. for other institutions).
3. Greater information sharing and education within the export sector on critical export issues.	Themes such as an indirect tax drawback system, new packing techniques, new quality control systems, sanitary conditions for exports of fresh products, etc., are being addressed under the Project.
4. Strengthened capability within export sector to identify and prioritize needed policy regulatory reforms and present alternative policy proposals to the GOP for adoption.	The Export Sector Panel (ESP) was established in January, 1993. Some of the private sector initiatives which are sponsored by the Project through the ESP are: a) design and implementation of a Commercial Arbitration Center; b) assessment of possibilities of implementing in Peru the Junior Achievement Program ; c) design of an internationally acceptable drawback system; d) analysis of the Andean integration process; e) first phase of the Proyecto Empresarial Peruano (PEP) (a private sector-led study and analysis of Peru by geographic zones).
5. Increased production, management and marketing capabilities of export firms. (**)	**(**)Progress has been limited for reasons explained in D, below.**
6. Improved consistency (volume, quality and timely delivery) of production base. (**)	
7. Working capital and medium-term financing provided to exporters.	This component was eliminated with Amendment No.1 but has been reinserted with Amendment No.2.

C. Other Accomplishments and Overall Status

During the reporting period, the problems affecting the selection and contracting of the Project's Institutional Contractor (IC) were overcome. Early in September, the Technical Evaluation Committee completed the evaluation of the Best and Final Offers submitted by the two interested firms. After weighing technical and cost factors, the contract was awarded to the firm Louis Berger International, Inc. Final contract negotiations are presently underway and the IC team should start providing services by December 1993.

The Project still maintains a relatively large pipeline, mainly because of the delay in contracting the IC. The IC will manage the direct technical assistance component. (The reasons for the delay are explained in D below.) This assistance is expected to address specific problems of exporting firms. The solution of these problems should have a direct impact on the firms' export performance. With the IC in-country, the Project will be considered to be in its take-off stage.

Export growth is a process which has a germination period and therefore requires some time to develop momentum and demonstrate impact. Given the improved macroeconomic environment in Peru, and the IC soon to be in place, it is envisioned that in 1995 tangible export increases will be reported from the firms which have received direct technical assistance.

To evaluate the IC's first nine months' performance, the first evaluation has been postponed until August, 1994.

Given the delays in the contracting of the IC, ADEX assumed a very active role in Project implementation with very satisfactory results. The design of the Monitoring and Tracking System has been completed. This computerized follow-up and reporting system will allow ADEX Project personnel to input information on a daily basis on all Project activities by firm and product level. Linked to the Customs data bank, it will also quantify export increases. Employment impact will be measured with firm level information. The design of the Commercial Information System has also been started. Built upon ADEX's Information and Documentation Center (CID), it will constitute a powerful self-sustained commercial information network in Peru linking export-related private sector business institutions through improved communication and information processing

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facilities. The CID will provide up to date information on market conditions including prices, quotas, entry requirements, etc. which will greatly improve local decision making. Markets will be monitored by subscribing to on-line data retrieval services and by enhancing ADEX's current library of trade publications.

During the reporting period, many other activities have been carried out. The most important are described below:

a) Implementation of results of research for the introduction of improved dry bean export varieties to expand production. Exports currently of $5 million could increase to $40 million, covering 20,000 hectares in the coastal region during the next 4-5 years.

b) Design of long-term mango development and exports plan. With the introduction of techniques for advanced flowering, new varieties and post harvest techniques, and a broader support of in-country APHIS representatives, Peru's mango exports should increase from $5 million to $15 million-$20 million in a 3-4 year time span. It is envisioned that at least two more hot water treatment facilities will be needed in the next three years to manage increased production and exports to the U.S.

c) Implementation of FDA's HACCP quality control system in the fisheries industry; assessment and design of modernization plan of the Peruvian fishing fleet ; provision of updated information on markets for the U.S., Europe and Asia; and assessment of shellfish farming potential for new export products. Peru exports $40 million in frozen and canned fish; the Project intends to support its growth up to at least $100 million during the next 3-4 years.

d) Development of 5-year workplan to expand Peru's admissible list of fresh produce into the U.S. with the assistance of a team of USDA's Animal and Plant Health Inspection Services (APHIS) senior staff. The proposed plan will be implemented through the signature of a USDA(APHIS)/ Ministry of Agriculture (MOA)/ADEX agreement. It includes strengthening of APHIS office in Peru; development of experimental phases and protocols required to obtain admissible status for new agricultural products; participation in the fruit fly eradication program underway in Tacna in order to turn it into a pest free area, where export crops can be produced; and development of training programs for MOA's Servicio Nacional de Sanidad Agropecuaria (SENASA), Peruvian Customs and exporters. USDA's Agricultural Research Service (ARS) will also participate by developing experimental treatments for Peruvian produce. In preparation for this program, two senior agronomists, currently under contract with ADEX, have taken the seven-week New Officers Training (NOT) course at the APHIS training center in the U.S., and have had one-week training programs in mango sanitary treatment in Guadalajara, Mexico, and at the ARS research center in Miami.

e) Assessment of the apparel industry, and design of a long-term training (pattern-making and plant management) by the Fashion Institute of Technology of New York with the cooperation of SNI.

The Export Sector Panel (ESP) was established in January, 1993 with the participation of the COC/L, SNI, the Ministry of Industry, Tourism, Integration and International Commercial Negotiations (MITINCI), the National Society of Exporters (SNE), ADEX and USAID to identify, prioritize and articulate to the Government of Peru needed macroeconomic policy reforms and regulatory modifications that will accelerate Peru's export growth. The private sector initiatives which have been sponsored by the Project through the ESP during the last six months are:

a) Design and implementation of a Commercial Arbitration Center for the resolution of domestic and international commercial conflicts. The Center was inaugurated on September 22, 1993 within the Lima Chamber of Commerce. It aims at accelerating the process of disputes resolution in the private entrepreneurial sector, with the participation of enterprise knowledgeable - trustworthy advisors. The Peruvian Judicial System will be alleviated of the burden of commercial disputes expediting the processing of other civil matters. The private business sector will also have an important economic/financial benefit given that long trials will be eliminated through this expeditious system. It is expected that foreign investors will further increase their confidence in Peru's possibilities with a private sector-led dispute resolution system. The Arbitration Center will be incorporated into the International Arbitration System once enrolled with the Paris International Chamber of Commerce.

b) Assessment of possibilities of implementing in Peru the Junior Achievement (JA) Program aimed at introducing business and market skills at the high school level, in cooperation with the American Chamber of Commerce (AMCHAM) and the COC/L. High interest in JA has been expressed

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by several governmental and private institutions as a means to improve Peru's economic environment and foster entrepreneurial creativity in youngsters.

c) The first part of an analysis of the Andean integration process and development of an impact evaluation model for the different alternatives of the Andean Common External Tariff, currently under discussion in Peru. It was contracted as a buy-in to a study carried out by AID/W and Stanford University and coordinated by USAID/Quito. The second part of the Andean External Tariff Schedule analysis is underway. This study will establish the private sector's position on the issue of Peru withdrawing as member of the Andean Pact.

Technical advisory services in one/two month periods have been provided to selected companies by retired American executives from IESC. Technical assistance has been provided to improve quality of vinyl co-polymers and resin based inks for flexographic and rotogravure printing, to improve plant processing and yields of detergents, to improve production of cochineal carmine dyes, to improve quality of chocolates, and other export related technical matters. IESC also has provided assistance in market studies for the U.S. and Europe, market research tours to the U.S., machinery selection and technical evaluation, and other export/import related services.

Under the API component, a Cooperative Agreement was signed with Agricultural Cooperative Development International (ACDI), which presented an unsolicited proposal for the development of a community-based rural financial institution in the Jequetepeque, Motupe and Olmos valleys as a pilot Caja Rural project. TechnoServe, another U.S. PVO associated with ACDI under the Project, will advise medium-sized farmers in export crops and provide technical assistance for their production.

D. Problems and Delays

Selection of the IC was delayed due to political reasons and other factors (the April 5, 1992 closure of Congress and receipt of AID/W guidance on the implications of Section 599). Furthermore, travel restrictions set by the U.S. Embassy for experts to come to Peru have severely hindered and complicated ADEX and IESC activities. Even though the Embassy has given high priority to USAID's short-term specialists' requirements, at least 30% of those requirements have been denied due to quota restrictions. Notwithstanding these limitations, both institutions have managed to implement a wide range of activities. ADEX's workplan for 1993 comprises more than 40 seminars/workshops and IESC has been very active in promoting their services. However, even though travel restrictions have been reduced they are envisioned to continue, at least for CY 93.

Given the delays in the contracting process of the IC, the first Project evaluation, originally scheduled for March, 1994, has been postponed to August, 1994.

During the reported period a Financial and Management Assessment of ADEX 1992 performance was carried out by our Controller Office. Management deficiencies were identified, mainly due to ADEX's misinterpretation of some of its management responsibilities. Action was taken and the identified problems were addressed and solved.

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

During the next six months, the following activities will be carried out:

a) Signature of contract with the selected Institutional Contractor, mobilization of Chief of Party to Peru, and initiation of services by December, 1993.

b) Initiation of operation of ADEX's Information and Documentation Center (CID). The CID will constitute a powerful commercial information network in Peru, which will include export related private sector business institutions, and the Chambers of Commerce in Lima, Arequipa, Trujillo and Tarapoto. In July, the results of an enterprise-level survey identifying business interests and perspectives on commercial information were presented by DATUM. Special expertise will be contracted to design the CID. The IC team includes an Information Management Specialist, who will manage the CID for three years. It is expected that the CID will be fully operational by June 1994.

c) Signature of tripartite agreement between USDA (APHIS), ADEX and the Ministry of Agriculture to implement the program to expand Peru's list of

agricultural products admissible into the U.S, re-establish APHIS's office in Peru, and provide advisory/training services.

d) Design of a long-term asparagus development and export plan. Currently $25 million worth of asparagus are exported as canned, frozen and fresh principally to the U.S. and Europe. The introduction of new varieties and the support of a technical assistance program should increase exports to $50 million in a 3-4 year time span.

e) Signature of agreement between the Fashion Institute of Technology of New York (FIT) and ADEX for the implementation of a FIT training and advisory program in Peru.

f) Organization of seminars on production and international trade of onions. The seminars aim to improve overall farming practices and management, post harvest management in Arequipa and Huaral, important onion producing regions. Information on international marketing requirements for onions will be provided, especially for the yellow variety which has the best export potential.

g) Assessment of coffee production in the country, and the design of long-term workplan for production and quality improvement, in conjunction with the Coffee Exporters Chamber. On the market side, seminars on coffee exchanges and international marketing systems will be organized. These activities aim at the reactivation of Peru's important coffee production potential.

h) Design of a program to be carried out by ADEX and the Chambers of Commerce in the Upper Huallaga Valley to improve entrepreneurial capacities in the region and facilitate development of legal productive activities.

i) Other noteworthy activities to be carried out during the next six months include an assessment of Peru's metalworking industry market potential, a course on competitivity improvement for the chemical industry, based on energy-saving techniques, a seminar on corrosion reduction of chemical plants through the implementation of adequate maintenance systems, and a seminar on sustainable management of tropical forests and market potential for new wood varieties.

In terms of the Export Sector Panel, during the next six months the following studies have already been approved and are in the selection process to award contracts:

a) Design of an internationally acceptable tax drawback system which would allow exporters to collect from the GOP indirect taxes/duties paid during the production process of an export good. There is discussion on the overvaluation of Peru's local currency. The drawback system would decrease export costs, thus increasing competitivity, without the need to resort to a devaluation of the "nuevo sol".

b) The first phase of the Proyecto Empresarial Peruano (PEP), a private sector-led 3-phase study of Peru by geographic zones, directed to examine potential in various sectors of the economy (agro-industry, energy, fishing, mining, forestry, tourism and handicrafts). PEP will serve as an important strategic planning resource for ETD activities over the medium term. This study is being carried out in cooperation with the Confederation of Private Peruvian Entrepreneurial Institutions (CONFIEP).

Under the API component:

a) ACDI/TechnoServe will have their personnel in-country in December, 1993 and will start implementation of the community-based financial institution (Caja Rural) and other pilot activities.

b) The GOP will transfer local currency contributions to the Financial Development Corporation (COFIDE) to start a guarantee fund for the Caja Rural.

PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A ___ B X C ___

IA. BACKGROUND DATA

Project Title:	PVO Support Project
Project Number:	527-0353
Date of Authorization:	07/23/92
Date of Obligation:	09/30/92
PACD:	09/30/98
Implementing Agencies:	1. Private Agencies Collaborating Together (PACT) 2. International and National PVOs
AID Project Manager:	Merritt P. Broady
Status of CPs/Covenants:	None
Date of Last Evaluation:	N/A Next Evaluation: 11/93

Planned Number of Non-Federal Audits during Fiscal Year: None
Number of Such Audits Contracted for/Completed: None
Date of Last Audit: N/A Next Audit: 12/93

IB. FINANCIAL DATA

Amount Authorized:	Grant:	$13,600,000
Amount Obligated:	Grant:	$ 3,334,500
Amount Committed:	Period:	$ 3,229,000
	Cumulative:	$ 3,229,000
Accrued Expenditures:	Period-Projected:	$ 500,000
	Period-Actual:	$ 827,039
	Cumulative:	$ 827,039
	Period-Next:	$ 600,000
Counterpart Contribution	Planned:	$ 1,300,000 (in-kind)
	Actual:	$ 0

% of LOP Elapsed:	16.43%
% of Total Auth. Oblig.:	24.51%
% of Total Oblig.:	24.80%
% of Total Auth. Exp.:	6.08%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: The Project directly supports Mission Strategic Objectives Nos. 2 and 3: Sustainable Economic Growth Led by the Private Sector and Improved Health Status through Access to Quality Primary Health Care by: (1) promoting increased agricultural productivity and improved marketing which in turn, leads to real income growth for small farmers living in rural areas and impacted by extreme poverty, (2) generating jobs and minimum income levels through the organization and development of micro-enterprises in peri-urban areas where there is the greatest concentration of poverty, and (3) promoting integrated interventions which improve primary health services for nutritionally at-risk families.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 90%
No. 3 - 10%
100%

IIB. PROJECT PURPOSE

The purpose of the Project is two-fold: (1) to increase the developmental impact of PVO/NGO food-assisted programs in the key sectors of agriculture, health and enterprise development, and (2) to strengthen the institutional capacity of Peruvian NGOs to work more effectively with community organizations in the delivery of services in these key sectors.

III. PROJECT DESCRIPTION

The Project establishes an operating unit (PMU) capable of managing a sub-grant program of approximately $7 million for a period of six years. Specific sub-grant projects will be implemented by PVOs/NGOs with focus on the agriculture, micro-enterprise and health sectors.

Participating NGOs will be selected on the basis of their capacity, efficiency, presence and experience in priority zones where the target population is concentrated, and their ability to formulate and implement projects in the above sectoral areas.

The PMU will determine the eligibility of the PVOs/NGOs based on an inventory and institutional assessment of the NGO community in Peru. Specific project proposals will be selected based on technical and cost criteria and the degree to which the proposed activity responds to the needs of the target population.

In addition to sub-grant funding, the Project will also provide institutional support to eligible PVOs/NGOs to improve their capacity to formulate development proposals and to obtain funding support as well as to implement, manage and monitor project activities with the additional aim to broaden their area of coverage.

The PMU will also support the P.L. 480 Title II Food Aid Program of USAID/Peru in the review and analysis of planning and implementation documents and in the review and consolidation of information provided in reports submitted to USAID by the Title II cooperating sponsors. These documentation reviews will permit an external assessment of the reasonableness of the proposed use of program resources, the consistency of information provided and the critical program areas which require special attention.

IV. PROJECT STATUS

The PMU is now officially registered in Peru and fully implemented with the necessary personnel and other resources for its current stage of operations. The sub-grant process has begun with guidance provided to those PVOs/NGOs registered with PACT and invitations were sent out to them soliciting project proposals. The first sub-grant concept papers were received and their review by PACT and USAID is underway. This was preceded earlier in FY 1993 by the inventory and assessment of NGOs in Peru, the formulation of guidance and procedures for sub-grant project selection and the strengthening of NGOs, and the definition of a Project strategy relating to the characteristics and location of the target population.

Initial steps have also been taken to improve the collection and consolidation of information related to the Title II Food Aid Program and to reach consensus with the food assistance implementing agencies regarding food ration levels and beneficiary targeting.

A. PLANNED EOPS	PROGRESS TO DATE
1. Number of communities able to design, plan and implement their own sustainable development activities as a result of NGO support.	1. Sub-grant activities not yet underway.
2. All NGOs receiving institutional development sub-grants demonstrate capacity to plan, design, manage and implement sustainable development projects.	2. Project elegibility criteria for NGO sub-grantees requires that these conditions be met for sub-project approvals.
3. NGOs as partners of U.S. PVOs receiving development sub-grants demonstrate capacity to plan, design, manage and implement sustainable development projects.	3. As in No.2 above, Project NGO elegibility criteria make these conditions prerequisites for sub-project funding.
4. At least 50% of community activities supported through NGO/PVO grants are self-sustaining by EOP.	4. Sub-grants not yet underway.
5. Increased number of NGOs engaging in effective development activities in agriculture, employment generation, micro-enterprise and child health.	5. Not yet measurable.
6. Increased demand by communities for NGO activities.	6. More than 800 concept papers received to date reflect in great part joint NGO/community initiatives. Actual community demand will be assessed once sub-project activities are underway.
7. Increased donor support for NGO development activities.	7. Not yet measurable.
8. Improved targeting, synchronized financial monitoring systems and impact reporting systems within the food-assisted PVOs/NGOs which provide timely data in uniform comparable formats.	8. Initial steps have been taken in refining existing formats and developing consolidated tables to improve the tracking of Title II Program food commodities.

B. MAJOR OUTPUTS

As noted below, in Section D "Problems and Delays", the Project's logical framework needs to be revised. The following Chart, for example, lists the logical framework's project outputs. Their quantifiable measurement is in some instances not possible and in other instances of limited value.

ACTIVITIES:	LOP	Programmed	Period	Cum.	% of LOP
1. Up to 25 Peruvian NGOs receive training and/or technical assistance from the Project Management Unit, independent of any subgrant funding.	25				
2. Up to 18 Peruvian NGO "institutional development" subgrants.	18				
3. Up to 14 Peruvian NGO "development activities" sub grants.	14				
4. Increased number of beneficiaries engaged in agriculture, micro/small enterprise and child health activities.					
5. Technologies adopted and used.					
6. Community projects undertaken and successful.					
7. Four food-handling agencies work with PMU to coordinate and synchronize financial and impact reporting systems.					

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

1. The PMU Office has been established and equipped to undertake full Project operations.

2. PACT has been formally recognized as an NGO by the GOP through the Ministry of the Presidency.

3. PACT prepared an inventory and institutional assessment of NGOs nationwide and developed a short-list of NGOs in pre-selected priority areas that could initially qualify for sub-grants.

4. PACT has developed a strategy which identifies a target population based on the best available analyses of poverty in Peru and priority geographical areas for sub-project implementation. It has also defined procedures, model agreements, norms, selection criteria for projects and for PVO eligibility and other essential elements for the start-up of the sub-grant program.

5. PACT has visited the pre-selected priority sites of Cajamarca and Ayacucho to get acquainted with and assess the development of the PVO consortia in the two areas.

6. The PMU has begun the analysis of the procedures, information systems and guidelines for the on-going PL 480 Title II Food Assistance Program.

7. The guidelines outlining procedures to follow to apply for sub-grants was distributed among the NGOs registered with PACT.

8. PMU staff participated in the review of the multi-year plans and undertook a preliminary analysis of report formats and commodity loss tracking mechanisms related to the PL 480 Title II Program.

9. PACT presented its FY 94 Annual Work Plan proposal to USAID for approval.

10. The PMU has completed its technical staffing for the current stage of operations and designed the instruments needed for the review, selection and approval of sub-grants.

D. PROBLEMS AND DELAYS

Failure to develop a Global Work Plan defining principal activities and time frames for implementation soon after PACT began operations in-country contributed to prolonged delays in getting the Project under full swing. Because of TDY restrictions and red tape in processing the PACT Chief of Party's residency and official visa, he did not arrive at post on a permanent basis until August. This also resulted in reduced Project activity during Year 1.

As noted under Section IB, "Financial Data", there are no counterpart contributions to date since those that are anticipated under the Project will be in-kind contributions from the sub-grantees. The first sub-projects are expected to get underway toward the end of the second quarter of FY 94 (March) or early in the third quarter of the fiscal year.

The Project's logical framework needs to be revised, particularly in light of the sub-project selection criteria, priorities and implementation strategy that have been developed. The reformulation of the logical framework, however, should be done once the first sub-projects are approved and underway and the results and impact of the Project can be more realistically projected (approximately the end of FY 94).

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

1. The FY 94 Annual Work Plan that will include a tentative Global Plan for the life of the Agreement will be approved.

2. 25-30 subgrants, selected from over 800 sub-project concept paper proposals, are expected to be approved and funded for approximately US$2 million.

3. The first year evaluation, in accordance with the terms of the Agreement, will be conducted no later than December, 1993. It will provide a critical appraisal of PACT's work including a set of corrective proposals.

4. The PMU will design and begin implementation of a Project information and monitoring system compatible with that being developed for the PL 480 Title II Program.

5. PACT will submit a plan for the audit of sub-grants which will be reviewed and approved by USAID.

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PROJECT STATUS REPORT
April 1, 1993-September 30, 1993 A _X_ B ___ C ___

IA. BACKGROUND DATA

Project Title: Orphans and Displaced Children in Ayacucho
Project Number: 527-0365
Date of Authorization: 12/07/92
Date of Obligation: 12/28/92
PACD: 11/30/93
Implementing Agencies: CARITAS del Peru
Major Contractors: Diocesan CARITAS Office (Ayacucho)
AID Project Manager: Raul Tapia
Status of CPs/Convenants: None
Date of Last Evaluation: None Next Evaluation: None
Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of such Audits Contracted for/Completed: None
Date of Last Audit: None Date of Next Audit: 04/94

IB. FINANCIAL DATA

Amount Authorized:	DA Grant:	$	200,000
Amount Obligated:	DA Grant:	$	200,000
Amount Committed:	Period:	$	200,000
	Cumulative:	$	200,000
Accrued Expenditures:	Period-Projected:	$	76,000
	Period-Actual:	$	86,949
	Cumulative:	$	145,244
	Period-Next (10/93 - 3/94)	$	54,756
Counterpart Contribution:	Planned	$	100,000
	Actual		70,000
% of LOP Elapsed:	81.81%		
% of Total Auth. Oblig.:	100.00%		
% of Oblig. Exp.:	72.62%		
% of Total Auth. Exp.:	72.62%		

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objective: This Project relates directly to Mission Strategic Objectives Nos. 2 and 3: Sustainable Economic Growth Led by the Private Sector and Improved Health Status through Access to Quality Primary Health Care, by preparing occupationally skilled young people for a limited job market, increasing their opportunity for employment and improving health and general living conditions.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 60%
No. 3 - 40%
100%

IIB. PROJECT PURPOSE

The purpose of this project is to assist displaced children (mainly war orphans) to become productive members of society.

III. PROJECT DESCRIPTION

This Project is improving conditions of the orphaned children through the construction of six workshops for vocational training in areas including carpentry, tailoring, weaving, baking and arts and crafts. Additionally these workshops will be equipped with machines, furniture, materials and tools required for the implementation of the vocational training programs. Funding under the Project is also being used to support the improvement of existing facilities and the construction of additional urgently needed sanitary facilities to meet the demands of an increased number of children living in the orphanage. Currently, the orphanage shelters 162 orphans of both sexes from 1 month to 17 years old. At present, the orphanage's school has 4 sections:

kindergarten, first, second and third grades with a total of 110 boys and girls (70 are from the orphanage and 40 from surrounding communities). The remainder at the orphanage attend other schools in the city because of the institution's lack of space to house them.

IV. PROJECT STATUS

During the reporting period, the project has come a long way towards completing most of the physical construction and repair associated with the improvement of the orphanage facilities and the establishment of a vocational skills training program. At the same time, preparations are well under way to purchase the teaching materials, furniture, tools and equipment for the different workshops and to set up the different skills programs. Provisions for both girls and boys and for the different age levels of the orphanage's children have been taken into account. The range of training opportunities will respond to the particular interests of the orphans and be one more factor that ensures the success of the program.

A. EOPS

1. Six vocational training workshops will be constructed and equipped to provide skills training for orphans.

   - Completed

2. Sanitary facilities will be either constructed or improved to meet the demands of an increased number of children living in the orphanage.

   - Completed

3. All the children participating in the orphanage's program will have access to vocational training opportunities to become occupationally skilled and productive citizens.

   - Preliminary steps have been taken for the necessary procurement of teaching materials, furniture, tools and equipment for the different skills training programs.

B. MAJOR OUTPUTS

1. The construction of the six workshops has been completed.

2. Repairs to sanitary facilities, including bathrooms, showers and a laundry, were completed on the first and second floors of the orphanage. New plumbery and sanitary fixtures were installed, and special facilities for small infants were completed.

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

Completion of project activities are on schedule. When finalized, everything will be in place to improve the living conditions of the 162 children who are housed at the orphanage and to provide them and an additional 188 children from surrounding areas with an opportunity to realize many unfulfilled hopes. Skills acquired under the orphanage program will instill the confidence needed to become productively employed in a difficult job market environment.

D. PROBLEMS AND DELAYS

None pending.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. Teaching materials, furniture, tools and equipment for the carpentry, clothes making, weaving, baking and arts and crafts workshops have to be purchased and the equipment installed.

2. The Project Assistance Completion Report (PACR) will be completed by January 31, 1994.

3. Arrangements to contract the Project audit will be coordinated with the Controller's Office.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A ___ B _X_ C ___

IA. BACKGROUND DATA

Project Title: Integrated Pest Management for Andean Communities
Project Number: 527-0372
Date of Authorization: 09/22/93
Date of Obligation: 09/23/93
PACD: 09/30/96
Implementing Agencies: CARE/Peru
Major Contractors: N/A
AID Project Manager: Carlos E. Ayala
Status of CPs/Covenants: N/A, PVO Grant
Date of Last Evaluation: None Next Evaluation: 05/95
Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of Such Audits Contracted for/Completed: None
Date of Last Audit: None Next Audit: N/A
Audit (type A-133) is the responsibility of FA/OP

1B. FINANCIAL DATA

Amount Authorized:	DA Grant:	$	700,000
Amount Obligated:	DA Grant:	$	700,000
Amount Committed:	Period:	$	0
	Cumulative:	$	0
Accrued Expenditures:	Period - Projected:	$	0
	Period - Actual:	$	0
	Cumulative:	$	0
	Period-Next(10/93-3/94)	$	132,264
Counterpart Contribution:	Planned:	$	428,616 (in-kind and cash)
	Actual:	$	0

% LOP Elapsed: 0.00 %
% of Total Auth. Oblig.: 100.00 %
% of Total Oblig. Exp.: 0.00 %
% of Total Auth. Exp.: 0.00 %

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

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

Percent of LOP Funds Relating to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

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

The above-stated Project purpose will be accomplished through the following major areas of concentration:

(1) Dissemination of the integrated control practices developed by CIP in a step-by-step approach to Andean farmers participating in four ongoing CARE projects.

(2) The introduction of the IPM concept in participating communities to provide an overall framework for promoting economical and non-chemical responses to crop pests.

(3) Community management of the propagation of biological control agents to ensure sustainability of the practices introduced.

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

IV. PROJECT STATUS

The grant agreement was signed on September 24, 1993. Presently, CARE is preparing the first annual work plan for USAID/Peru to review and approve before any disbursement is made.

A. EOPS

	Planned EOPS	Progress To Date
1.	20% reduction in physical crop loss due to two potato pests	None to date
2.	40% reduction in monetary loss caused by pests, and in pesticide application	None to date
3.	2,800 households incorporate into their regular agricultural practice at least two different pest control measures	None to date
4.	Per capita incomes increase at least 20% in Cajamarca, Ancash, and La Libertad	None to date
5.	Participants' food security increases	None to date

B. Major Outputs

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

* To be presented in the first Annual Work Plan

C. Other Accomplishments and Overall Status

None to date.

D. Problems and Delays

None.

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

-Prepare introductory training course for the Project's field staff on the potato pests' biology and integrated pest management.
-Initiate production of video-enhanced training materials.
-Initiate training for CARE's technicians and farmers on pest biology and field recognition in 48 communities under CIP's supervision.
-Preparation of printed training materials.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A ___ B X C ___

IA. BACKGROUND DATA

Project Title: Participatory Land Use Classification and Sustainable Economic Development in Human-Impacted Areas of the Tambopata-Candamo Reserved Zone
Project Number: 598-0780
Date of Authorization: 03/07/90
Date of Obligation: 09/30/93
PACD: 09/30/95
Implementing Agencies: FADEMAD (Federación Agraria Departamental de Madre de Dios)
Major Contractors: N/A
AID Project Manager: Carlos E. Ayala
Status of CPs/Covenants: N/A, PVO Grant
Date of Last Evaluation: None Next Evaluation: Evaluation is responsibility of LAC/DR/E
Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of such Audits Contracted for/Completed: None
Date of Last Audit: None Next Audit: 10/94

IB. FINANCIAL DATA

Amount Authorized:	DA Grant:	$	108,859
Amount Obligated:	DA Grant:	$	108,859
Amount Committed:	Period:	$	0
	Cumulative:	$	0
Accrued Expenditures:	Period - Projected:	$	0
	Period - Actual:	$	0
	Cumulative:	$	0
	Period-Next(10/93-3/94)	$	54,430
Counterpart Contribution:	Planned:	$	162,168 (in-kind and cash)
	Actual:	$	0
% LOP Elapsed:		0.00 %	
% of Total Auth. Oblig.:		100.00 %	
% of Total Oblig. Exp.:		0.00 %	
% of Total Auth. Exp.:		0.00 %	

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

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

Percent of LOP Funds Relating to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

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

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

A number of major expected accomplishments include:

(1) A local Geographic Information Systems infrastructure, administered by FADEMAD in cooperation with National Parks-Peru and the local Ministry of Agriculture office. This infrastructure will be used to track land use, land tenure, and natural resource issues in the TCRZ area.

(2) An interactive computer data base detailing management and ecological characteristics of tree and agricultural crop species, which will help farmers to construct ecologically sustainable agrosilvopastoral systems on their lands.

(3) Genetic resource infrastructure capable of producing a great variety of tree seedlings and certified seed, as well as preserving valuable genetic resources in the process of extinction.

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

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

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

IV. PROJECT STATUS

Project funds have been transferred from Washington to Mission for country activity management. The grant agreement was signed on September 30, 1993. Presently, FADEMAD is preparing the first annual work plan for USAID/Peru to review and approve before any disbursement is made.

A. EOPS

	Planned EOPS	Progress To Date
1.	Land use capability classification of 130,000 ha. completed, reflecting the farmers' ecological, socio-economic, and anthropological reality.	None to date
2.	Design, extension, and implementation of two or more alternative production components adapted to local ecological, market, and social conditions.	None to date
3.	Design of three or more alternative production components adapted to local ecological, market, and social conditions.	None to date
4.	Participation in on-farm testing of alternative production components by at least 100 farm families.	None to date
5.	Per household income increases at least 20% for participating farm families and per household food security increases for participating farm families.	None to date

B. Major Outputs

		Planned			Accomplished			
		LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1.	Land use capability classification of 130,000 ha. in the TCRZ.	1	0	0	*	0	0	0
2.	Geographic Information System operated by FADEMAD and INRENA for future natural resource management planning.	1	0	0	*	0	0	0
3.	Genetic resource production facilities: tree nurseries.	2	0	0	*	0	0	0
4.	Genetic resource production facilities: certified seed production facility.	1	0	0	*	0	0	0

5.	Market study detailing economic opportunities for alternative and ecologically produced products from the area.	1	0	0	*	0	0	0
6.	Alternative production systems implemented by local farmers.	2	0	0	*	0	0	0
7.	Interactive computer data base with management factors for agroforestry species.	1	0	0	*	0	0	0
8.	Farmers trained in land use capability classification survey.	130	0	0	*	0	0	0

* To be presented in the first Annual Work Plan

C. Other Accomplishments and Overall Status

None to date

D. Problems and Delays

None

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

- Conduct first land use capability survey training course for farmers from the lower Tambopata and Madre de Dios Rivers.
- Initiate land use capability survey in the lower Tambopata and Madre de Dios Rivers.
- Train Project cartographer in geographic information system methodologies.
- Initiate continuous mapping activities of data collected by farmer survey teams.
- Conduct second land use capability survey training course for farmers from the Cusco - Puerto Maldonado highway area.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A ___ B X C ___

IA. BACKGROUND DATA

Project Title:	Support to Drought Areas: ADRA/OFASA		
Project Number:	968-2058.00		
Date of Authorization:	09/30/92		
Date of Obligation:	09/30/92		
PACD of Grant Agreement:	06/30/93, amended to 9/30/93		
Implementing Agencies:	ADRA/OFASA		
Major Contractors:	None		
AID Project Manager:	Edilberto Alarcon		
Status of CPs/Covenants:	N/A, PVO Grant		
Date of Last Evaluation:	09/93	Next Evaluation:	None
Planned Number of Non-Federal Audits during Fiscal Year:			ONE
The Number of such Audits Contracted for/Completed:			None
Date of Last Audit:	None	Next Audit:	12/31/93 OMB A-133 Audit: FA/OP responsible

IB. FINANCIAL DATA

Amount Authorized:	IDA Grant:		$ 1,243,153
Amount Obligated:	IDA Grant:		$ 1,243,153
Amount Committed:	Period:		$ -
	Cumulative:		$ 1,243,153
Accrued Expenditures:	Period - Projected:		$ 393,000
	Period - Actual:		$ 393,153
	Cumulative:		$ 1,243,153
	Period - Next:(10/93-3/94)		$ -
Counterpart Contribution:	Planned:		$ None
	Actual:		$ N/A
% LOP Elapsed:			100.00%
% of Total Auth. Oblig.			100.00%
% of Total Oblig. Exp.			100.00%
% of Total Auth. Exp.			100.00%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project is directly linked to Strategic Objective N°2: "Sustainable Economic Growth Led by the Private Sector" by providing critical inputs to farmers affected by the 1991-1992 drought to reactivate their productive systems.

Percent of LOP Funds Relating to Strategic Objectives: 100 %

IIB. PROJECT PURPOSE

To provide emergency assistance to the small and subsistence farmers most seriously affected by the 1991-92 drought.

III. PROJECT DESCRIPTION

The Project was designed to provide to an estimated 7,500 farm families in the Departments of Huancavelica, Ayacucho, Puno, Arequipa and Cajamarca, an assistance package of agricultural inputs, technical assistance, training and potable water wells. Beneficiary communities would provide labor and participate in Project administration.

IV. PROJECT STATUS

Project activities were terminated on September 30, 1993. In total, the Project assisted 7,956 families in 57 communities of the Departments of Puno, Arequipa, Huancavelica, Ayacucho, Cajamarca and Junin. These families received approximately 800 MT of seed, 460 MT of fertilizers, tools, training and technical assistance. During the reporting period, total production (app. 2,000 MT of food crops) was harvested and 35 water wells were drilled in the Department of Puno. Communal seed funds were established in each community to ensure the sustainability of the Project.

A. EOPS

	Planned EOPS	Progress Attained by PACD
1.	750 Has. planted and producing food crops.	100%
2.	50 Potable water wells in operation.	70%
3.	Improved living conditions for 7,500 farm families.	107%
4.	Improved agricultural technologies adopted.	100%
5.	Community revolving fund mechanisms established.	100%

B. Major Outputs

		Planned				Accomplished		
		LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1.	Food crops produced (MT)	5,160	4,500	4,500	0	2,000	2,000	39%
2.	Water wells in operation	50	50	50	0	35	35	70%
3.	Stocks of Seeds established	50	50	50	0	57	57	114%
4.	Short Term Training (comm.)	50	50	50	0	57	57	114%

C. Other Accomplishments and Overall Status

All planned Project inputs were purchased and delivered to the communities. Although the resulting production was only 40% of what had been originally anticipated, the main Project objectives were met. Nearly 8,000 subsistence farm families who had lost their harvests as a result of the drought, received assistance for their own consumption and for acquiring working capital for future seasons, through the establishment of communal seed funds.

As is traditional in Peruvian Andean communities, women actively participated in the sowing and harvesting tasks. As household managers, women have also stored the new food crops and have made sure that the derived benefits reach all family members.

The Final Project Evaluation was conducted in August-September, 1993. It has concluded that the Project has met its main objective of restoring agricultural production in an area devastated by a severe drought. It has also contributed to the feeding of thousands of subsistence farmers, preventing massive migration to urban marginal areas. The Project assisted communities actively participated in Project implementation and are managing the revolving stocks of inputs established under the Project.

D. Problems and Delays

The majority of the funds provided by OFDA to this Project were composed of various "end-of-the year remnants" from OFDA accounts. Consequently, funds were transferred to the Mission in the last days of the Fiscal Year and the Grant Agreement could only be signed on September 30, 1992. As a result, ADRA received the first disbursement practically at the end of the sowing season and found it very difficult to obtain good quality seed. This fact plus the incidence of bad weather and plant diseases in many Project areas affected yields per hectare, which were in the order of 40% of those obtained under optimum conditions. However, the resulting production was sufficient to meet the farmers' most pressing consumption needs and for the establishment of the communal funds.

Only 35 of the 50 planned water wells were drilled before the PACD due to the fact that there were some delays in the procurement of the Project-funded rig and because considerable time was spent on initial testing operations to locate appropriate drill sites. ADRA will continue the well construction program with the Project equipment.

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

Project Evaluation Summary will be submitted by 11/30/93 and Project Completion Report will be submitted by 12/30/93.

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PROJECT STATUS REPORT
April 1, 1993 - September 30,1993 A ___ B X C ___

IA. BACKGROUND DATA

Project Title:	Support to Drought Areas : CARE
Project Number:	968-2058.01
Date of Authorization:	09/30/92
Date of Obligation:	09/30/92
PACD of Grant Agreement:	06/30/93, amended to 09/30/93
Implementing Agencies:	CARE
Major Contractors:	None
AID Project Manager:	Edilberto Alarcon
Status of CPs/Covenants:	N/A, PVO Grant
Date of Last Evaluation:	09/93 Next Evaluation: None
Planned Number of Non-Federal Audits during Fiscal Year:	ONE
The Number of such Audits Contracted for:	ONE
Date of Last Audit:	None Next Audit: 9/30/93 OMB A-133 Audit: FA/OP responsible

IB. FINANCIAL DATA

Amount Authorized:	IDA Grant:	$ 746,000
Amount Obligated:	IDA Grant:	$ 746,000
Amount Committed:	Period:	$ -
	Cumulative:	$ 746,000
Accrued Expenditures:	Period - Projected:	$ 216,000
	Period - Actual:	$ 216,000
	Cumulative:	$ 746,000
	Period - Next:(10/93-3/94)	$ -
Counterpart Contribution:	Planned:	$ None
	Actual:	$ N/A
% LOP Elapsed:		100.00%
% of Total Auth. Oblig.		100.00%
% of Total Oblig. Exp.		100.00%
% of Total Auth. Exp.		100.00%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project is directly linked to Strategic Objective N°2: "Sustainable Economic Growth Led by the Private Sector" by providing critical inputs to farmers affected by the 1991-1992 drought to reactivate their productive systems.

Percent of LOP Funds Relating to Strategic Objectives: 100 %

IIB. PROJECT PURPOSE

To provide emergency assistance to the small and subsistence farmers most seriously affected by the 1991-92 drought.

III. PROJECT DESCRIPTION

The Project was designed to provide to each of sixty selected communities of the Department of Puno an assistance package which includes agricultural inputs, technical assistance, training and animal health services. In addition, the Project provided funding for inland transportation costs of 3,100 MT of food commodities donated by USAID for Food for Work (FFW) activities in Puno. Beneficiary communities provided labor and participated in Project administration.

IV. PROJECT STATUS

Project activities terminated on September 30, 1993. In total, the Project assisted 5,152 families in 95 communities of the Department of Puno. These families received 260 MT of seed, 300 MT of fertilizer, veterinary medicines and equipment for 62,000 animals, training and technical assistance. During the reporting period, total production of approximately 900 MT of food crops and 5,000 MT of pastures was harvested and revolving stocks of inputs were established in each community to ensure the sustainability of the Project.

	Planned EOPS	Progress Attained by PACD
1.	444 Has. planted and producing food crops.	75%
2.	299 Has. planted and producing fodder and improved pastures.	70%
3.	Improved health conditions for 69,000 heads of sheep and cattle.	90%
4.	Improved living conditions for 4,950 farm families.	104%
5.	Improved agricultural technologies adopted.	100%
6.	Community revolving fund mechanisms established.	100%

B. Major Outputs

		Planned				Accomplished		
		LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1.	Food crops produced (MT)	1,500	1,500	1,500	0	900	900	60%
2.	Pastures produced (MT)	4,700	4,700	4,700	0	5,000	5,000	106%
3.	Animals attended	69,000	69,000	69,000	0	62,000	62,000	90%
4.	Food commodities transported (MT)	3,100	1,400	3,100	0	1,400	3,100	100%
5.	Short Term Training (comm.)	95	48	95	0	48	95	100%
6.	Stock of Seeds established	95	95	95	0	95	95	100%

C. Other Accomplishments and Overall Status

The 1991-1992 drought severely affected small farmers: while their livestock were starving, harvests had been minimal if existing at all. In the absence of external support, most of these families had no option left other than selling their animals and migrating to the peri-urban areas. In response to this situation, the Project has been successful in providing 5,000 of these families with crop and pastures seeds, along with a sanitation program which has prevented their weakened animals from dying. In addition, the Project-assisted communities will continue receiving the benefits of the Project, by having working capital for future seasons through the establishment of communal seed funds.

With regard to WID activities, it should be noted that traditional farming practices determine that the entire family participate in diverse cropping activities as well as livestock maintenance. Women normally intervene in sowing, harvest selection, and eventually marketing, along with animal care. The Project has respected this gender division of labor. For instance, training sessions on sowing distances were addressed to men, whereas women were approached with guidelines for harvest selection and seed treatment. Approximately one-third of people attending training events were women.

The Final Project Evaluation was conducted in August-September, 1993. The report concludes that the Project has been efficiently managed and that in spite of the delays in the receipt of the funds, all planned inputs were acquired. The animal health component was particularly successful, as well as the training activities. The Project assisted communities were well organized and had an active participation in Project implementation.

D. Problems and Delays

The majority of the funds provided by OFDA to this Project were composed of various "end-of-the year remnants" from OFDA accounts. Consequently, funds were transferred to the Mission in the last days of the Fiscal Year and the Grant Agreement could only be signed on September 30, 1992. These delays in initiating the Project made it impossible to plant some of the planned crops. Forced to reprogram, the Project allocated more resources to the animal sanitation component. Also, due to time limitations, approximately half of the fertilizer acquired could not be used. This is being kept in CARE's regional warehouse and will be utilized by the same communities in order to enhance the next planting cycle.

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

Project Evaluation Summary will be submitted by 11/30/93 and Project Completion Report will be submitted by 12/30/93.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A ___ B X C ___

IA. BACKGROUND DATA

Project Title:	Support to Drought Areas: CARITAS		
Project Number:	968-2058.02		
Date of Authorization:	09/30/92		
Date of Obligation:	09/30/92		
PACD of Grant Agreement:	06/30/93, amended to 09/30/93		
Implementing Agencies:	CARITAS		
Major Contractors:	None		
AID Project Manager:	Edilberto Alarcon		
Status of CPs/Covenants:	N/A, PVO Grant		
Date of Last Evaluation:	09/93	Next Evaluation:	None
Planned Number of Non-Federal Audits during Fiscal Year:			None
The Number of such Audits Contracted for/Completed:			None
Date of Last Audit:	None	Next Audit:	12/93

IB. FINANCIAL DATA

Amount Authorized:	IDA Grant:		$ 831,890
Amount Obligated:	IDA Grant:		$ 831,890
Amount Committed:	Period:		$ -
	Cumulative:	$ 831,890	
Accrued Expenditures:	Period - Projected:		$ 82,000
	Period - Actual:	$ 81,890	
	Cumulative:	$ 831,890	
	Period - Next:(10/93-3/94)	$ -	
Counterpart Contribution:	Planned:	$ None	
	Actual:	$ N/A	
% LOP Elapsed:		100.00%	
% of Total Auth. Oblig.		100.00%	
% of Total Oblig. Exp.		100.00%	
% of Total Auth. Exp.		100.00%	

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project is directly linked to Strategic Objective N°2: "Sustainable Economic Growth Led by the Private Sector" by providing critical inputs to farmers affected by the 1991-1992 drought to reactivate their productive systems.

Percent of LOP Funds Relating to Strategic Objectives: 100 %

IIB. PROJECT PURPOSE

To provide emergency assistance to the small and subsistence farmers most seriously affected by the 1991-92 drought.

III. PROJECT DESCRIPTION

The Project was designed to provide to an estimated 18,626 farm families in the Departments of Cuzco and Apurimac, an assistance package of agricultural inputs, technical assistance and training. Beneficiary communities would provide labor and participate in Project administration.

IV. PROJECT STATUS

Project activities terminated on September 30, 1993. In total, the Project assisted approximately 25,000 families in the Departments of Cuzco and Apurimac. These families received approximately 1,100 MT of seed, 380 MT of organic fertilizer (guano), training and technical assistance. During the reporting period, the resulting production of approximately 10,000 MT of food crops and 7,000 MT of pastures was harvested and communal seed funds were established in each community to ensure the sustainability of the Project.

A. EOPS

	Planned EOPS	Progress Attained to PACD
1.	Approximately 9,000 Has. planted and producing food crops.	76%
2.	Improved economic and nutrition conditions for approximately 18,000 farm families.	144%
3.	Improved agricultural technologies adopted.	70%
4.	Community revolving funds mechanisms established.	100%

B. Major Outputs

		Planned				Accomplished		
		LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
1.	Food crops produced (MT)	16,000	12,000	12,000	0	9,900	9,900	62%
2.	Stocks of seeds established	183	183	183	0	183	183	100%
3.	Short Term Training	18,626 families	18,626	18,626	0	13,038	13,038	70%

C. Other Accomplishments and Overall Status

The number of families assisted by the Project, approximately 25,000, has exceeded the original target. Although a good part of the seed was sown on suitable agricultural land, CARITAS also put a lot of effort in reaching, even with small quantities of seed, the most poverty-stricken families living in difficult, remote areas. The Project inputs have constituted the only assistance received by these families to respond to the drought effects and in many cases have saved them from starvation. The effects of the Project will continue in the forthcoming agricultural seasons through the operation of the communal funds.

As is traditional in Peruvian Andean communities, women have actively participated in most of the Project activities.

The final Project Evaluation was conducted in August-September 1993. The final report concludes that the Project has been successful in providing food and employment to thousands of families on the verge of starvation, thus preventing their migration to urban areas. In addition, the economic analysis shows that there has been a good return on the investment.

D. Problems and Delays

The majority of the funds provided by OFDA to this Project were composed of various "end-of-the year remnants" from OFDA accounts. Consequently, funds were transferred to the Mission in the last days of the Fiscal Year and the Grant Agreement could only be signed on September 30, 1992. As a result, CARITAS received the first disbursement practically at the end of the sowing season and found it very difficult to obtain good quality seed. This resulted in low yields in potato production and made it impossible to plant corn and other crops. The funds budgeted for these crops were used to buy cement to repair small irrigation canals and to improve community seed storage facilities.

The large geographical area covered by the Project and the remoteness of many of the Project assisted communities affected to a certain extent CARITAS' capability to provide close monitoring, training and technical assistance.

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

Project Evaluation Summary will be submitted by 11/30/93 and Project Completion Report will be submitted by 12/30/93.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A X B___ C___

IA. BACKGROUND DATA

Project Title: **TITLE II PRISMA: Nutrition and Feeding Program for High Risk Families - PANFAR.**
Implementing Agency: Asociacion Benefica PRISMA
Ministry of Health
AID Project Manager: Alfredo Gutierrez
Date of Last Evaluation: None Next Evaluation: 10/94
Planned Number of Non-Federal Audits during Fiscal Year: 1
The Number of such Audits Contracted for/Completed: None
Date of Last Title II Commodity Audit: None. PRISMA has not complied with Recipient Contracted Audit Program
Next Audit: 12/31/93

IB. FINANCIAL DATA

Amount of Tonnage Authorized (FY 93): 20,419 MT
Tonnage Received (FY 93): 19,895 MT
Distribution (FY 93): 18,737 MT
Balance in Stock: 1,158 MT

Program Amount:	FY 93
- Commodities Value:	$5,928,033
- Ocean Freight:	$2,489,779
SUB-TOTAL:	$8,417,812
- Monetization Title II:	$2,900,000
- Monetization Title III:	$1,103,000
- Farm Bill:	$ 298,450
- PRISMA Funds:	$ 28,402
- GOP-MOH:	$2,314,800
- Recipient Containers:	$ 30,000
TOTAL:	$15,092,464

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project relates directly to Mission Strategic Objectives Nos. 2 and 3: Sustainable Economic Growth led by the Private Sector, and Improved Health Status through Access to Quality Primary Health Care by: (1) providing a social safety net to poor Peruvians suffering the effects of structural adjustment, and (2) improving the health status of at-risk families, particularly mothers and children (0-59 months), and increasing their access to more integrated health services throughout Peru.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 5%
No. 3 - 95%
100%

IIB. PROJECT PURPOSE

The purpose is to support PRISMA in its efforts to integrate the supplementary feeding program of the Ministry of Health with maternal and child health care interventions and to provide more effective distribution and targeting of food commodities than current or past Government programs.

The main goal is to improve the nutritional status of mothers and children (0-59 months) of high nutritional risk families.

III. PROJECT DESCRIPTION

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

The Project has four main components:

1. Distribution of PL 480 Title II food commodities. This component is integrated with other child survival activities, uses a high-risk targeting methodology, and assures a minimum of 6 months coverage for each family.

2. Training. Training is provided for 5,640 key health personnel from all MOH levels, and covers all areas of Project development and operation.

3. Supervision, Technical Assistance, Monitoring and Evaluation. On-going supervision and on-site technical assistance assures timely implementation of activities and provides bases for future planning. The supervisors also facilitate the compilation of data from the field for processing through the PANFAR Information System.

4. Nutritional Rehabilitation. Through the nutritional monitoring component called "KUSIAYLLU", PRISMA and the MOH have developed a home-based rehabilitation program for acutely malnourished children under 3 years of age. The program's pilot phase is entering its third year and results to date demonstrate that nutritional rehabilitation in the home is possible and is achieved at far reduced costs than traditional clinical rehabilitation.

Complementary to the above PANFAR activities, PRISMA has developed a nutritional surveillance system which to date has been installed in five regions with a total coverage of nine Peruvian Departments. The system provides critical data on nutritional levels by specific geographical areas and thus is an important instrument for planning purposes and for resource allocations.

IV. PROJECT STATUS

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

One of the more important components of PANFAR is that related to nutritional rehabilitation, the home-based pilot program called "Kusiayllu" or happy home. Efforts to date with acutely malnourished children under 3 years of age demonstrate that rehabilitation in the home is possible and at greatly reduced costs than clinical rehabilitation. The PANFAR program aims to "graduate" the children after six months of supervised activities, but certain criteria have to be met: a) no sign of acute malnutrition (low weight for height) during the last 3 months of rehabilitation, b) vaccination schedules completed, c) mothers knowledgeable about effective family planning methods, d) pregnant mothers receiving pre-natal care, and e) each mother having participated in at least 4 discussions on priority health issues.

Significant progress has also been made on the nutritional surveillance system. Eventually national in scope, the system has been developed and installed in nine of Peru's 24 Departments and is providing important nutritional data to health sector officials and institutions, both public and private.

Finally, PRISMA through the PANFAR program has taken the lead in facilitating needed coordination in areas related to maternal-child care among the USAID-supported institutions implementing food assistance programs. This more effective coordination is leading to better use of food and cash resources and to a more rational coverage of the beneficiary population.

A. EOPS

The current Title II Program reporting system does not as yet permit an efficient comparative analysis of progress to date in relation to EOPS of the FY 1993-1997 Multi-Year Operational Plans of the cooperating sponsors. The standardized reporting system (SISEPAD) is scheduled to be fully installed and operational during FY 94, permitting such analysis in future SAR reports. The Mission and PACT will be working closely in the different phases of this process.

B. MAJOR OUTPUTS

ACTIVITIES:	LOP	FY 93 Programmed	ACCOMPLISHED Period	Cum.	% of LOP
A. RISK STRATEGY:					
Identify high-risk mothers and children (No. OF FAMILIES)	550,000	110,000	96,965	180,377	33 %
Identify pre-school children from high-altitude, rural, isolated jungle and peri-urban slum areas (No. OF CHILDREN)	1,295,000	80,000	51,661	180,533	14 %
B. LOGISTICS:					
Deliver supplementary food (MT)	110,250	10,500	11,511	18,737	17 %
Conduct food logistics supervision of UTES/UDES and beneficiaries(No. OF FIELD VISITS)	22,500	1,500	530	626	3 %

C. TRAINING AND COMMUNICATION:					
Train key MOH field personnel (No. OF PARTICIPANTS)	5,640	800	450	1,604	28 %
Workshop "replicas" (No. OF EVENTS)	900	100	81	121	13 %
Evaluation and programming workshop (No. OF EVENTS)	5	1	0	1	20 %
D. INFORMATION SYSTEM:					
Regular Information System (No. OF REPORTS)	74	10	6	16	22 %
E. NUTRITION SURVEILLANCE:					
Regional Nutrition Surveillance (No. OF REGIONS)	11	3	2	3	27 %
Kusiayllu Development Projects (No. OF KUSIAYLLU CENTERS)	30	6	0	6	20 %

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

C1. Training

1. The Eleventh Nutrition Seminar, conducted in 15 sites during June and July, prepared MOH logistics personnel (450 workers, 40% women) to form regional teams of trainers and supervisors.

2. The training conducted by the MOH regional teams at the local level have increased in quantity and improved in quality. A total of 2,592 participants (47% women) in 81 Departmental Health Units (UDES) and Territorial Health Units (UTES) were trained based on an objective assessment of their training needs.

3. In Kusiayllu, during April, 300 health promoters from 6 different geographical areas were trained for the implementation of nutritional rehabilitation programs. 75% were women and the majority were nurses (47%).

4. In August, PRISMA conducted a re-training course for the 240 health promoters active in the Kusiayllus who were employed in 1992. At the end of September, they organized a meeting of the local MOH coordinators to analyze and evaluate the results of that training.

5. To share the methodology of this innovative approach to nutritional rehabilitation, the results of the Piura - Cura Mori Kusiayllu Program were presented to the Piura Pediatric Society (70 participants) during their annual international conference.

C2. Monitoring

1. The number and quality of supervisory visits improved significantly during the reporting period. Better prepared regional supervisory teams conducted over five times the number of visits carried out during the first semester.

2. Initial Regional Nutritional Surveillance is taking place as planned in the Inca Region (Madre de Dios, Cuzco and Apurimac) and the North West Marañon (Lambayeque, Cajamarca and Amazonas), increasing nutritional surveillance coverage to a total nine Departments in five Regions.

3. The Lima Regional Nutritional Surveillance Report has been printed and should be distributed during November. It provides a nutritional profile of 49 Districts in the greater Lima area.

C3. Food Distribution

1. During the reporting period, 11,511 MT of PL 480 Title II food commodities were transferred to the UDES and UTES. The local health establishments, in turn, distributed 13,882 MT to Project beneficiaries during the same period. Both the transportation and distribution of commodities were carried out with no significant delays or losses reported. The commodity balance reported at the UDES and UTES level at the end of the fiscal year totalled 1,158 MT.

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2. PRISMA has included 515,213 beneficiaries in its 3 programs. The breakdown by program is as follows:

PROGRAMS	No. OF BENEFICIARIES MOTHERS	CHILDREN	HEALTH ESTABLISHMENTS
Maternal Child	102,819	205,638	2,633
Pre-school Feeding		203,020	4,744 *
Nut. Rehabilitation (Kusiayllu).	1,868	1,868	13
T O T A L:	104,687	410,526	

* Pre-school locales and community soup kitchens that are cooperating in the program; in both cases, supervised by PANFAR health workers.

D. PROBLEMS AND DELAYS

1. There has been significant improvement in the secondary transport of PANFAR commodities from UDES and UTES to program beneficiaries, but problems, though less frequent, continue. They relate either to the untimely transfer of funds by the MOH to the UDES or Sub-regions or to the use of transport funds for other purposes.

2. In the Kusiayllu nutritional rehabilitation program, the children are programmed to graduate after six months of treatment and the training of their mothers. To date, 41% of the acutely malnourished children have successfully completed the rehabilitation process within the six months time frame. One variable in the case of those children who must continue in the program after the six-month period may be the inadequacy of the ration; i.e., the 12.5 Kg. per month may be insufficient for this level and type of rehabilitation. Other variables may be a) the use of the donated food by other family members, resulting in ration dilution, b) other poverty factors in the home which impact on the health of the malnourished child, and c) the degree to which the mother and other members of the family really grasp what has to be done in the home to protect the health of the child.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. PRISMA will complete one round of supervisory visits to 2,500 health establishments working with the PANFAR Program to solve logistics problems, secondary distribution and warehouse space and quality. It will also assess the level of compliance of MOH and Regional officials regarding the use of the UDES and UTES programmed funds for secondary transportation costs.

2. To improve the Kusiayllu nutritional rehabilitation process, PRISMA will test a modification of the current ration on a pilot basis, increasing the monthly allotment from 12.5 Kg. to 25 Kg. for each beneficiary family.

3. The Project will complete the Regional Nutritional Surveillance in the Inca (Madre de Dios, Cuzco and Apurimac) and the North West Marañon (Lambayeque, Cajamarca and Amazonas) Regions. It will distribute the Lima and Grau regional nutritional surveillance reports, and prepare the report for the surveillance conducted in the Libertadores Wari (Ayacucho, Huancavelica and Ica) Region.

4. The following training activities or events will be conducted:

- Nutrition Workshops XII (on Food and Nutrition Issues) and XIII (on Community Participation) in 17 sites, in November.
- Train PRISMA regional coordinators in use of the Computerized Management Information System (PANSERV) Supervision Module, in December.
- Prepare Evaluation and Programming event, in December.
- Continue supporting development of local replication of training events.
- Develop Nutrition Workshops XIV and XV for presentation in April 94.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A X B___ C__

IA. BACKGROUND DATA

Project Title: CARITAS del Peru: PL 480 Title II Food Program
Implementing Agencies: CARITAS del Peru, 44 Dioceses Nationwide
Major Contractors: None
AID Project Manager: Raul Tapia
Date of Last Evaluation: None Next Evaluation: 06/95
Planned Number of Non-Federal Audits during Fiscal Year: One
The Number of such Audits Contracted for/Completed: None
Date of Last Audit: None Next Audit: 12/31/93

IB. FINANCIAL DATA

COMMODITIES	FY 93
Amount of tonnage authorized:	48,547 MT
Tonnage received:	40,243 MT
Distribution:	38,230 MT
Balance in stock:	2,013 MT

PROJECT AMOUNT		FY 93
Commodity Value:	$	12,777,670
Ocean Freight: Cost	$	5,366,621
SUB-TOTAL	$	18,144,291
Monetization Title II:	$	8,030,232
Monetization Title III:	$	0
Farm Bill Funds:	$	0
Caritas Contribution:	$	231,094
Beneficiary Contributions:	$	97,500
Sale of Containers:	$	929,284
TOTAL	$	27,432,401

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: The Program relates directly to Mission Strategic Objectives Nos. 2 and 3: Sustainable Economic Growth Led by the Private Sector and Improved Health Status through Access to Quality Primary Health Care by (1) satisfying critical food aid needs for population groups living in extreme poverty, (2) stimulating income growth through labor-intensive productive activities among small farmers and micro entrepreneurs, and (3) improving the health status of nutritionally at-risk families.

Percentage of funds relating to Strategic Objectives: No. 2 75%
No. 3 25%
100%

IIB. PROJECT PURPOSE

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

III. PROJECT DESCRIPTION

Taking full advantage of its vast distribution network, CARITAS continues to implement a USAID-approved expansion of direct food assistance through 5,000 feeding centers, targeting low-income families severely affected by the prolonged recession and the economic structural adjustment program.

The CARITAS program also contributes to income growth and greater economic stability among the very poor by generating new employment opportunities and greater productivity in the agriculture and small business sectors.

Implementation of the Child Survival Program has been expanded to 39 Diocesan CARITAS programs, and has integrated supplementary feeding with critical health interventions including child growth monitoring, diarrhea control, oral rehydration, immunizations and family planning. This has resulted in the improved nutritional status of mothers and children (0-60 months), and has extended the coverage of preventive health services and nutritional rehabilitation to the more remote and neglected areas of the country. The CARITAS program is being carried out where other programs, at least for periods of time, are not able to function for lack of the type of network that CARITAS as an institution enjoys. CARITAS nationally is truly a "private voluntary" organization, mobilizing volunteer technical resources in the field to carry out its program operations. Such a modality enables CARITAS to be present in virtually every province and in many districts of the country without having to assign specialists to the field from the national office. The benefits of this organizational modus operandi were particularly evident when security concerns forced many organizations to suspend operations in certain areas of the country or to withdraw completely.

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

IV. PROJECT STATUS

The CARITAS program has come a long way from what were the thousands of fragmented and often unrelated activities carried out in response to community initiatives throughout the country. While attempting to be responsive to the magnitude of demands from the 44 participating Diocesan CARITAS programs, the organization has in recent years developed technically sound and coherent projects that utilize resources more efficiently and produce more meaningful and long-lasting results. The agriculture and micro-enterprise projects are implemented across Diocesan programs with a clearer focus on productivity, job creation and income growth. The Child Survival Program is now on firm technical footing integrating basic health services with supplementary feeding in 39 Dioceses. Most recently, in response to the initiative of CARITAS programs in the Peruvian jungle areas, an effort is underway to assist nutritionally at-risk families with the local purchase of food commodities for direct distribution to beneficiaries. This evolution in project development has meant increased and more specialized staffing as well as material resources. CARITAS now needs to (a) focus increasingly on priorities, as Title II resources and the number and scope of activities that can be funded are limited, and (b) increase the support of other donors within its total food assistance program.

A. EOPS (MYOP)

The current Title II Program reporting system does not permit an efficient comparative analysis of progress to date in relation to the EOPS of the FY 1993-1997 Multi-Year Operational Plans of the cooperating sponsors. The standardized reporting system (SISEPAD), scheduled to be fully installed and operational during FY 94, will permit such analyses in future SAR reports. The Mission and PACT will be working closely in the different phases of this process.

B. MAJOR OUTPUTS

Activities	Programmed MYOP (FY 93)	Accomplished FY 93	%
1. Beneficiaries			
Maternal Child	153,693 Fam.	88,868 Fam	58%
Child	334,700 Child	294,774 Child	88%
Food for Work	379,920 Fam.	315,344 Fam.	83%
2. Comedores	4,230	4,821	113%
3. Distribution of Commodities by Programs in MT			
Maternal Child Health	7,071	6,480	92%
School Feeding	2,205	1,676	76%
Other Child Feeding	20,157	11,517	57%
Other Child	2,979	1,699	57%
Food for Work	16,935	16,498	97%
4. Projects under Food for Work			
Agriculture	2,100	1,989	95%
Health	1,200	918	76%
Transport and Communication	400	317	79%
Housing	30	27	90%
Education	2,000	1,847	92%
Energy	30	27	90%
Fishing	20	13	65%

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

1. CARITAS contracted a bilingual professional as its Program Coordinator for the A.I.D.-supported food program.

2. USAID/Peru approved 34 agricultural production/processing micro-enterprise projects of the Diocesan CARITAS for a total cost of US$ 447,133.

3. During the reporting period 65 other special projects related to social infrastructure, health and agriculture from twelve Diocesan CARITAS were approved and funded for a total of $1.2 million.

4. Under the Regular Child Survival Program, CARITAS conducts growth monitoring of approximately 50,000 children from 0 to 6 years of age. During the reporting period, 40% of those identified as malnourished were satisfactorily rehabilitated and graduated from the Program.

D. PROBLEMS AND DELAYS

1. Because CARITAS did not resolve grant-specific operational and management issues on time, A.I.D./W did not approve its CARITAS Farm Bill proposal for FY 1993.

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2. On September 3, 1993 the Controller's Office sent a letter to CARITAS recommending that the scope of the 1992 institutional audit of CARITAS del Peru's financial statements be expanded in order to comply with Standard Provision No. 2 (Audit and Register) requirements.

E. MAJOR ACTIVITIES AND CORRECTIVE ACTIONS FOR NEXT MONTHS

1. The Mission will assist CARITAS del Peru in resolving the Farm Bill operational and management issues to clear the way for approval of its FY 94 Section 202 (e) proposal.

2. CARITAS will expand the scope of its 1992 institutional audit to comply with A.I.D. requirements under Standard Provision No. 2 (Audit and Register).

3. The Child Survival Program evaluation will be completed by the end of December, 1993.

4. CARITAS will develop its Multi-Year Operational Plan Update for FY 95, beginning a phase-down of Title II resources based on clearly formulated technical and beneficiary priorities.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A X B__ C___

IA. BACKGROUND DATA

Project Title	: TITLE II CARE/Peru SUSTAINABLE FOOD SECURITY PROGRAM (PRODIA)
Implementing Agency	: - CARE/Peru - The National Program for Food Assistance (PRONAA) - The Ministry of Health (MOH) for the Lima/Callao area and the Piura Department. - The Ministry of Agriculture (MOA) through the "Programa Nacional de Manejo de Cuencas Hidrográficas y Suelos" (PRONAMACHS).

AID Project Manager : Mario Quiroga
Date of Last Evaluation: None. Next Evaluation: June 1995
Commodity Audit Dates : April 1987 Next Audit : June 1994

IB. FINANCIAL DATA (FY 1993)

Amount of Tonnage Authorized	:	33,226 MT
Tonnage Received (FY 93)	:	25,652 MT
Distribution (FY 93)	:	21,252 MT
Balance in Stock	:	4,400 MT

Program Amount:

- Commodity value	:	$ 11,547,042
- Ocean Freight	:	$ 4,849,758
- SUB-TOTAL	:	$ 16,396,800
- Monetization Title II	:	$ 4,600,000
- Monetization Title III	:	$ 1,503,926
- Strengthening Grant	:	$ 341,114
- Farm Bill	:	$ 446,982
- CARE Funds	:	$ 696,157
- GOP	:	$ 1,478,170
- T O T A L	:	$ 25,463,149

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: The Project relates directly to Mission Strategic Objectives Nos. 2 and 3: Sustainable Economic Growth Led by the Private Sector and Improve Health Status through access to Quality Primary Health Care by: (1) satisfying critical food aid needs for population groups living in extreme poverty, (2) stimulating income growth through labor-intensive productive activities among small farmers and micro entrepreneurs, and (3) improving the health status of nutritionally at-risk families.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 75%
No. 3 - 25%
100%

IIB. PROJECT PURPOSE

The purpose is to promote the integrated development of communities in depressed peri-urban and rural areas of major cities and Sierra regions located in eleven (11) Departments of Peru through active participation of the targeted population groups in order to ensure their access to essential food, to increase their family incomes, to improve health conditions and to facilitate greater access to basic health services for the target population.

III. PROJECT DESCRIPTION

In April 1992, the Mission reviewed and approved a Multi-Year Operational Plan (MYOP) submitted by CARE/Peru for a comprehensive Sustainable Food Security Program (PRODIA), to be implemented over a five year period (FY 1993 - FY 1997).

The PRODIA Project implements integrated development and human services activities in depressed peri-urban and rural areas. Three complementary sub-projects are being carried out in the peri-urban areas of some of Peru's major cities:

1. **Communal Feeding Centers or "Comedores".** CARE provides temporary allotments of Title II food to complement what the organized women's groups purchase locally. In addition to providing supplementary food and in collaboration with MOH nutritionists and health workers, CARE provides training in hygiene, sanitation and food preparation. Finally, it also trains the women leaders in "comedor" management and administration with a view to establishing the food service as a self-sustaining enterprise.

2. **Women's Income Generation (WIG).** This activity is tied into the "comedor" component and uses a rotating fund mechanism to extend small loans to the women participants either individually or in groups, generally for productive purposes.

3. **Small Micro-Enterprise Development (SMED).** Through this sub-project, CARE supports small entrepreneurs in a variety of productive areas. While the WIG activity supports business initiatives at basic and preliminary stages with very limited captital, the SMED component deals with persons who have generally acquired greater experience in or who are fully dedicated to their trade and who are eligible for relatively larger loans.

In the rural sector, CARE has developed two major components.

1. **ALTURA.** This sub-project promotes the increased production and productivity of local agricultural crops in rural communities through the introduction of agro-forestry, soil conservation techniques and the responsible management of natural resources.

2. **WAWAWASI.** In the rural areas of Puno, Ancash (Huaraz), Piura and Cajamarca, CARE has organized self-sustaining feeding activities called WAWAWASI which are nutritional rehabilitation centers for pre-school children. The activity is implemented in collaboration with the Ministry of Education which assigns and pays the local promoters who are responsible for the centers and the Ministry of Health which advises and trains participant families in hygiene, health and nutrition matters. Furthermore, in collaboration with the Ministry of Agriculture, CARE promotes the production and use of native crops, particularly cereals such as quinua, cañihua and kiwicha which, in turn, form the nutritional base of the WAWAWASI rehabilitation strategy.

IV. PROJECT STATUS

In global terms the CARE PRODIA Project is achieving impressive results, technically and socially, under the PL 480 Food for Development Program. Assistance to the "comedores" continues to be supplemental, with each center buying local produce to round out the rations on a daily basis. Because of the prolonged effects of the economic crisis, CARE has worked with more "comedores" than originally planned and for longer periods of time. While this strategy has enabled thousands of neighborhood feeding centers to keep per ration costs low and within the means of the very poor, it has not been possible for CARE to cut off the supply of donated food and to "graduate" the "comedores" in time as self-sustaining operations. This is still CARE's goal, but it will not be achievable in the near future (FY 94).

The Micro-Enterprise and Women's Income Generation activities are supporting productive initiatives that are well organized, creating jobs and raising family income levels. Loan reflows and fresh resources, particularly through FONCODES, are enabling CARE to reach an increasing number of beneficiaries via a mechanism that has a built-in multiplier effect as well as an excellent track record of minimal delinquent loans.

During the next reporting period, we will continue to monitor the WAWAWASI component in order to determine how cost effective an alternative it is in meeting the nutritional needs of at risk children under 6. In like manner, we will be following the important agroforestry activity under the ALTURA Project to see if the GOP continues to maintain its counterpart support through PRONAMACHS.

A. EOPS

The current Title II Program reporting system does not permit an efficient comparative analysis of progress in relation to the EOPS of the FY 1993-1997 Multi-Year Operational Plans of the cooperating sponsors. The standardized reporting system (SISEPAD) should be fully installed and operational during FY 94, permitting such analyses in future SAR reports. The Mission and PACT will be working closely in the different phases of this process.

B. MAJOR OUTPUTS

Activities	MYOP	Programmed (FY 93)	Accomplished (FY 93) Period	Cum.	% of MYOP
1. Kitchen Feeding Centers					
- No. of "comedores" receiving food	8,400	2,400	5,189	5,189	61.77
- No. of Special Groups with food support	1,700	250	509	509	29.94
- Volume of food donated from abroad (TM)	117,570	30,500	33,225	33,225	28.26
- Number of benef. in comeds/Spec. Groups ('000)	1,346	361	732	732	54.38
2. Small Micro-Enterprise Development					
- No. of Revolving funds for Produc. Associations	24	12	8	8	33.33
- Amount loaned ('000)	640	180	77	77	12.03
- Loans w/CARE's guarantee	(a)	1,800	1,894		
- Amount loaned ('000)	(a)	1,290	1,960		
3. Women's Income Generation					
- No. of Rotating Funds established	800	111	113	113	14.13
- Amount loaned ('000)	1,172	192	129	129	11.01
- Individual loans	12,000	2,400	1,392	1,392	11.60
- Local Fairs	83	9	41	41	49.40
4. WAWAWASI					
- Seed distributed (Kgs.)	(b)	60,000	72,466		
- Local food purchased and delivered (MT.)	(b)	217	267		
- No. of beneficiaries under 6 years old	17,500	4,800	4,006	4,006	22.89
5. ALTURA					
- No. of participant communities	2,612	425	442	442	16.96
- Land restored for agriculture through soil conservation (Has.)	3,900	560	572	572	14.67
- Community land reforested (Has.)	9,100	1,350	827	827	9.09
- Tree seedling production ('000)	19,800	3,838	4,584	4,584	23.15
- Food distribution (MT)	12,000	2,500	2,058	2,058	17.15
- No. of families benefitted	40,000	8,000	14,341	14,341	35.85

(a) Not originally programmed. GOP funds through FONCODES, are being utilized.
(b) Not originally programmed.

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

C.1.- The Program was implemented in high priority depressed peri-urban areas and provided complementary food rations at low or sometimes at no cost to population groups living in extreme poverty. During FY 93, PRODIA, under the "comedor" component, provided 18,538 MT of food to 306,472 beneficiaries through 2,857 "comedores" of the regular community kitchen program. Through a separate component directed at "special groups" (orphanages, homes for the elderly or handicapped), 3,197 MT of food were distributed to 52,272 beneficiaries of 509 institutions. Additionally, under FFW activities, 118 MT of food were distributed to 23,478 people affected by natural disasters. Apart from the regular program, 3,926 MT of food were distributed to 2,332 additional "comedores" on a short-term basis, that did not receive donations from other sources, thus benefitting an additional 372,911 persons nation-wide. This unprogrammed distribution was possible due to a cash and food contribution of the GOP, and the use of the Project's operating reserve.

CARE/Peru, in a recent evaluation assessment, estimates that approximately 10% of the organized women's groups managing the "comedores" have begun on their own initiative new permanent productive activities. Some are related to the breeding of small animals for commercialization and others to communal services such as laundry and day care centers. Likewise, 75% of these women's groups have generated savings between US$200 and US$400 per year, permitting the group itself to improve their "comedor" service conditions with the purchase of needed equipment and supplies or infrastructure repairs and additions.

The Farm Bill Program funded construction of three zonal warehouses located in the northern, eastern and southern cones of Lima, each with a capacity of 2,500 MT, which is a much more efficient food distribution system. With the active participation of the "comedor" women members, who have assumed responsibility for moving the donated food from warehouse to "comedor" and by scheduling massive deliveries every three months, the Project has been able to reduce secondary transportation costs by 90%.

C.2.- Another urban activity is the Small Micro-Enterprise Development component (SMED) which granted during FY 93 a total of 1,885 loans, creating 378 new jobs and strengthening 5,554 existing working positions. Despite the difficulties caused by shrinking market demand, the loan "on-time" repayment rate was 96 percent, well within the limits that the Project's cash flow projections had planned for. Of the outstanding 4 percent, 60 percent were repaid within a period of 30 days, reflecting an efficient use of the Revolving Fund. By the end of FY 93 reflows from the Fund permitted loans totalling 250% of the original capital.

C.3.- During FY 93, the Women's Income Generation (WIG) component placed greater importance on marketing activities, organizing and managing 41 local fairs where the women were able to offer their products. Four of the groups supported by this component managed to begin export of their knitted products to Europe.

C.4.- On the rural side, the Sustainable Child Nutrition component (WAWAWASI) provided 267 MT of food services to 4,006 children in 137 WAWAWASI Centers. An assessment made at the end of the Fiscal Year provided preliminary data reflecting the impact of the Project on the children under 6 years old diagnosed as malnourished. At the end of the reporting period, 35% in Puno had reached acceptable nutritional levels, 13% in Piura, 9% in Cajamarca and 2% in Huaraz. The principal factor accounting for the variations among the sites is the length of time the Project had been operational.

C.5.- The Agro-forestry for Resource Conservation and Alternatives (ALTURA) component, distributed 2,058 MT of food during FY 93 in FFW activities involving 14,341 families in 442 rural communities. One of the major contributions of the Project has been the introduction of compost as a low-cost organic fertilizer. Its more generalized use among the participating communities has significantly improved vegetable and fruit production, as well as contributing to a more vigorous seedling production in the communal nurseries.

D. ISSUES, PROBLEMS AND DELAYS

D.1.- A major constraint reported by CARE/Peru involves the arrival of Title II commodities. During FY 93, the five call forwards were adequately scheduled and planned, but the food arrived in a very irregular manner. As a result, on several occasions complete rations were not available for distribution because of the length of time between arrivals of the various commodities within the same call forward. On other occasions, the close arrival dates of back-to-back call forwards, when one was delayed, created a difficult overstocking problem.

D.2.- Reorganization of the Public Sector resulted in the reduction and rotation of GOP personnel, which in the case of a key counterpart institution, PRONAMACHS, delayed Project implementation.

D.3.- The Mission complemented the limited resources available under Title II Monetization funds with the authorization of a CY 93 Title III allocation to CARE/Peru, through the Ministry of Economy and Finance (MEF). It took some time for CARE to become familiar with this new line of financial support and to comply with the specific GOP processing and accounting requirements. The ensuing delay created cash flow problems which mainly affected the credit activity of the SMED component.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

E.1.- CARE/Peru and the Mission will coordinate closely with the Procurement and Operations/Transport Divisions in A.I.D./Washington to minimize the problems associated with the split commodity arrivals of a single call forward.

E.2.- Due to Public Sector reorganization, CARE/Peru has been conducting monthly meetings with new counterpart staff for orientation and training purposes. Where GOP counterpart resources have been reduced drastically to the detriment of a particular program activity, the Mission will support CARE/Peru in its negotiations with the respective Ministry to reach an acceptable solution.

E.3.- CARE/Peru will continue to conduct periodically scheduled meetings with the MEF/AID Coordination Unit to achieve efficiency in the routine processing of Title III resources and to overcome any outstanding problems or issues in a timely fashion, thus avoiding any interruption of Title III disbursements.

E.4. An internal Impact Evaluation of the SMED and WIG components will be conducted and data on their achievements and successes collected and disseminated. Recommendations from the Evaluation will be discussed in a January 1994 workshop. Independently, CARE is exploring new and improved marketing strategies with the SMED and WIG component beneficiaries.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A __x__ B___ C ___

IA. BACKGROUND DATA

Project Title: **TITLE II ADRA/OFASA: Nutrition and Food-for-Work**
Implementing Agencies: Adventist Development and Relief Agency, ADRA/OFASA del Peru
Major Contractors: None
AID Project Manager: Alfredo Gutierrez
Date of Last Evaluation: None Next Evaluation: 10/94
Planned Number of Non-Federal Audits during Fiscal Year: One
The Number of such Audits Contracted for/Completed: None
Date of Last Title II Commodity Audit: None
Next Audit: 12/31/93 OMB A-133 Audit: FA/OP responsible

IB. FINANCIAL DATA

Amount of Tonnage Authorized (FY 93): 19,824 MT
Tonnage Received (FY 93): 15,942 MT
Distribution (FY 93): 14,804 MT
Balance in Stock: 1,138 MT

Program Amount:	FY 93
- Commodity Value:	$5,044,498
- Ocean Freight:	$2,118,689
SUB-TOTAL:	$7,163,187
- Monetization Title II:	$2,900,000
- Monetization Title III:	$1,968,000
- Farm Bill:	$ 241,600
- ADRA Funds:	$ 251,000
- Recipient containers:	$ 152,336
TOTAL:	$12,676,123

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This Project relates directly to Mission Strategic Objectives Nos. 2 and 3: Sustainable Economic Growth Led by the Private Sector, and Improved Health Status through Access to Quality Primary Health Care by: (1) providing a social safety net to poor Peruvians suffering the effects of structural adjustment; (2) stimulating income growth through labor-intensive productive activities of small farmers and micro entrepreneurs; and (3) improving the health status of nutritionally at-risk families.

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 60%
No. 3 - 40%
100%

IIB. PROJECT PURPOSE

The purpose is to provide support to ADRA/OFASA's institution-building and program development process to improve and expand its maternal and child health programs, and to develop its food-for-work activities in the priority areas of agricultural production, rural integrated development, productive community infrastructure and micro-enterprise development.

III. PROJECT DESCRIPTION

ADRA has developed a health and nutrition component aimed particularly at pregnant and lactating mothers and nutritionally high-risk children from 0-71 months of age. Activities focus on basic sanitation, hygiene and primary health care.

Another component addresses the issue of income growth and greater economic stability by promoting the organization of group-operated enterprises and the generation of jobs as well as greater production and productivity in the agriculture sector. The latter component provides agricultural credit, tools, and other inputs to farmers with below average yields.

ADRA also carries out selected social infrastructure projects which support agricultural and other productive activities in order to increase incomes and enable essential services to be provided to the communities.

IV. PROJECT STATUS

ADRA/OFASA is working in 882 communities within 13 departments of Peru, implementing 1,229 regular projects and 31 emergency activities. The project currently reaches a total of 326,207 at-risk beneficiaries who live in marginal-urban areas (57%) and in highland rural areas (43%). This rather extensive field of activity may change in the future. ADRA/OFASA has formulated an integrated, multi-sectoral development strategy in six highland watersheds (micro-cuencas) where in the past it has worked in more isolated project activities. Integrated rural development is not new to ADRA/OFASA nor to Peru, and the focus of this

pilot proposal is in the direction that the Food for Development Unit has encouraged ADRA/OFASA to follow in recent years.

Benefits to the many communities where ADRA/OFASA has implemented its food assistance program consist not only in works completed but in the intensive participation of community members themselves; one of the strengths of the ADRA/OFASA Title II program. Beneficiary groups are better organized and skilled at mobilizing local resources. Given limited resources, ADRA/OFASA will need to continue prioritizing future beneficiary groups and selectively identifying the areas where it will work most effectively.

A. EOPS

The current Title II Program reporting system does not as yet permit an efficient comparative analysis of progress to date in relation to EOPS of the FY 1993-1996 Multi-Year Operational Plans of the cooperating sponsors. The standardized reporting system (SISEPAD), scheduled to be fully installed and operational during FY 94, will permit such analysis in future SAR reports. The Mission and PACT will be working closely in the different phases of this process.

B. MAJOR OUTPUTS

1 ACTIVITIES:	LOP	FY 1993 Programmed	ACCOMPLISHED Period	Cum.	% of LOP
Child Growth monitoring (No. OF CHILDREN)	14,175	12,285	10,969	11,328	80 %
Children Immunization (No. OF CHILDREN)	14,985	12,150	9,221	9,500	63 %
Pregnant Mother Immunization (No. OF MOTHERS)	1,333	1,070	319	319	24 %
Early Stimulation (No. OF CHILDREN)	9,918	5,535	6,772	6,772	68 %
Complementary Feeding - OC (No. OF CHILDREN)	15,000	15,000	15,000	16,749	112 %
Irrigation Channels (KILOMETERS)	135	33	33	24	18 %
Water Irrigation Reservoir (CUBIC METERS)	600	150	150	340	57 %
Seed Warehouses (No. OF WAREHOUSES)	10	2	2	20	200 %
Installation of Potable Water (METERS)	88,000	22,000	39,054	50,869	58 %
Sewerage System (METERS)	88,000	22,000	50,796	55,282	63 %
Latrine construction (No. OF LATRINES)	20,400	5,100	14,862	16,789	82 %
Road Construction (KILOMETERS)	280	70	63	77	27 %
Road Rehabilitation (KILOMETERS)	700	175	332	351	50 %
Demonstrative Plots (HECTARES)	170	130	144	144	85 %
Classroom Construction (No. OF CLASSROOMS)	550	57	100	122	22 %
Playground Construction (No. OF PLAYGROUNDS)	100	11	23	28	28 %
Health Establishments (No. OF HEALTH POSTS)	100	11	11	16	16 %

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

1. ADRA/OFASA has implemented in its regular program 1,229 projects in 851 communities for 318,008 beneficiaries, as follows:

Programs	Beneficiaries	No. of Projects	No. of Communities
Maternal Child Health	53,070	360	103
Other Children	16,749	143	136
Agricultural Development	33,905	50	50
Micro-enterprise	29,255	308	127
Integrated Rural Development	2,909	6	11
Basic Communal Infrastruc.	182,120	362	424
Sub-Total Regular Program	318,008	1,229	851
Emergency Activities	8,199	*	31
T O T A L:	326,207	1,229	882

* 31 emergency responses as opposed to planned projects.

2. During the reporting period, the number of beneficiaries according to programs implemented and their location are as follows:

Programs	Number of Beneficiaries Marginal-Urban	Rural	Total	Women Participants
Maternal Child Health	42,490	10,580	53,070	10,614
Other Children	12,323	4,426	16,749	-
Agricultural Development	-	33,905	33,905	2,314
Integrated Rural Development	-	2,909	2,909	891
Micro-enterprise	28,625	630	29,255	4,410
Basic Communal Infrastructure	100,195	81,925	182,120	20,282
Sub-Total:	183,633	134,375	318,008	38,511
Emergency Activities	3,280	4,919	8,199	5,165
T O T A L:	186,913	139,294	326,207	43,676

Of the total 318,008 regular program beneficiaries, 65,410 were direct adult participants in health/nutrition or food-for-work activities. Of this amount, 59% or 38,511 were women.

3. During the reporting period the following institutional strengthening events were conducted:

a. Workshop "Training for Trainers" was conducted for 5 days in Chiclayo to discuss the methodology of adult learning. 22 members from the North Regional personnel (38% were women) attended.

b. A seminar entitled "Better Practices and Strategic Planning in Administration" was conducted by personnel from ADRA/International in Brazil for 8 days, and attended by 3 administrators from ADRA/Peru.

c. A seminar entitled "Secretarial Communication" was conducted in Lima for 3 days. It was conducted by Inca Union University, and attended by ten secretaries from the regional and eight from the national office (100% women).

d. A seminar "Better Practices and Strategic Planning in Administration" was conducted for 8 days by personnel from ADRA/International in Lima with 28 persons from ADRA/OFASA attending (14% women).

e. A workshop "Integrated Rural Development Program" was conducted for 8 days by the national office in Arequipa with 24 participants, including program supervisors, administrators and national coordinators (37% women).

f. An integrated course entitled "Administration for Secretaries" was conducted by the "Centro de Educacion Ocupacional de Gestion no Estatal - ELA" in Lima with 9 secretaries participating.

4. ADRA/OFASA has closed the recommendations made in the OPG and Monetization Audit. The Manual of Functions and Procedures was submitted to the Mission as requested, and after review by the Controller's Office, was sent to RIG/Tegucigalpa.

5. An evaluation of the Project was completed in August 1993 and both the Spanish and English versions have been submitted to USAID.

6. Regulations for Micro-enterprise and Agricultural Revolving Funds, completed in April 1993, have been implemented and copies have been sent to USAID.

7. Using the funds of Section 202 (E), ADRA/OFASA has constructed and inaugurated the Title II commodity warehouse in Callao-Lima . The warehouse can store up to 1,850 MT of food for distribution in Lima and the Departments of the central part of the country.

8. Nine (9) computers were purchased to strengthen ADRA/OFASA's accounting department and its food control and information systems. In addition, 13 motorcycles were purchased to assist in the supervision and monitoring of projects in Maternal Child Health and Integrated Rural Development.

9. The following data provides a status summary of Project implementation in the areas of nutrition, health, social infrastructure, agriculture and micro enterprise:

a. Maternal Child Health:
- 7% (68 children) were born underweight,
- 71% (6,662 children) from 0-36 months have presented a positive growth curve, and 67% (3,967 children) from 37-60 months have presented a positive growth curve,
- 72% (9,098 children) from 9-60 months were immunized,
- 43% (282 pregnant mothers) registered were immunized,
- 63% (6,429 children) from 0-36 months received early stimulation.

b. Other Children:
- 16,749 children have been assisted through soup kitchens for infants and teens,
- 829,962 breakfasts and 814,662 dinners were served totaling 1,644,624 rations.

c. Agricultural Development:
6,781 families in 50 communities have cultivated 113 hectares for communal purposes, including the development of seed banks and special food distribution needs.

d. Micro Enterprises:
- 341 groups were trained in business management, production and marketing,
- 1,995 participants were promoted from phase I (training in organizing a business) to phase II (training in specific production areas),
- 279 groups are now in phase III, the actual process of establishing a micro enterprise.

e. Integrated Rural Development:
- 87% (384 children) from 0-36 months, and 93% (315 children) from 37-60 months have presented a positive growth curve,
- 57% (402 children) were immunized,
- Of the pregnant mothers registered in the program, 66% (37) were immunized,
- 309 Has. were put under cultivation for communal purposes in 11 communities.

f. Basic Services and Infrastructure Development:

Works completed are as follows:
- 3,202 families from 27 communities benefitted from the construction of 38 Km. of roads (17 works),
- 2,265 families from 15 communities benefitted from the rehabilitation of 277 Km. of roads (26 works),
- 12,964 families from 134 communities benefitted from the construction of 12,397 latrines,
- 2,314 families in 28 communities benefitted from the installation of 11,201 meters of tubing for potable water systems,
- 2,320 families in 21 communities benefitted from the installation of 26,793 meters of sewage piping,
- 573 families in 8 communities benefitted from the construction of 8 health posts.

Works on-going during the report period but not completed are as follows:
- 452 families in 6 communities will benefit from the completion of 32 Km. (6 works) of roads,
- 3,913 families in 28 communities will benefit from the rehabilitation of 167 Km. (29 works) of roads,
- 4,064 families in 44 communities will benefit from the construction of 6,219 family latrines,
- 1349 families in 18 communities will benefit from the installation of 41,081 meters of pipes (14 works) for potable water systems,
- 2,121 families in 50 communities will benefit from the construction of 73 classrooms and 17 playgrounds,
- 433 families in 4 communities will benefit from the construction of 4 health posts.

D. PROBLEMS AND DELAYS

1. Currently ADRA/OFASA relies almost exclusively on A.I.D. for its operational support to carry out its Title II program activities.

2. ADRA/OFASA needs to replace the scales for weighing children, an important activity of the health program's growth monitoring component.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. We will explore with Mission management the feasibility and desirability of using Title III host country local currency funds to establish an endowment fund for ADRA/OFASA, a PVO that is carrying out priority humanitarian and development activities in accordance with A.I.D. objectives. Additionally, we will pursue with ADRA/OFASA other capitalization strategies to increase project sustainability.

2. ADRA/OFASA, in collaboration with UNICEF, will acquire new weighing scales for the growth monitoring component of the maternal-child health program.

3. In preparing for the FY 95 Update of the Multi-Year Operational Plan, ADRA/OFASA will reformulate sections which require modifications based on technical and beneficiary priorities and what have been the most successful project activities to date, and, in coordination with PACT, will develop realistic and verifiable End of Project Status (EOPS) indicators.

4. ADRA/OFASA will complete and distribute the Training Manual for volunteer promoters in the areas of health, food and nutrition, home economics accounting, administration and marketing.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A X B___ C ___

IA. BACKGROUND DATA

Project Title: PL 480 Title II, Monetization Program
Active Agreements: FY 1991 (amended on 04/29/92) US$ 13,637,500
FY 1993 (signed on 03/17/93) US$ 14,060,408
Implementing Agencies: CARE-PERU, ADRA/OFASA, CARITAS DEL PERU, Asociacion Benefica PRISMA
Major Contractor: CARE-PERU
AID Project Manager: Raul Tapia
Date of last evaluation: 02/93 Next Evaluation: 02/96
Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of such Audits Contracted for/Completed: None
Date of the last audit: 04/93 Next Audit: 04/94

IB. FINANCIAL DATA

TOTAL AMOUNT OF DOLLARS EXPECTED TO BE GENERATED:

FY 92	US$	15,108,727
FY 93		16,915,265
TOTAL		32,023,992

TOTAL AMOUNT OF DOLLARS PROGRAMMED BY AGREEMENT:

FY 92	US$	19,329,850
FY 93		20,828,843
TOTAL		40,158,693*

TOTAL AMOUNT OF DOLLARS DISBURSED BY AGREEMENT:

FY 92	US$	17,667,217
FY 93		15,261,707
TOTAL		32,928,924

TOTAL AMOUNT OF DOLLARS DISBURSED DURING LAST SIX MONTHS:
US$ 10,429,648

* Includes carry-over from FY 91

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

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

Percent of LOP Funds Relating to Strategic Objectives: No. 2 - 60%
No. 3 - 40%
100%

IIB. PROGRAM PURPOSE

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

III. PROGRAM DESCRIPTION

In order to support the Title II direct distribution program, the Mission imports commodities such as crude degummed oil, wheat flour and rice, which are monetized through the private sector. The proceeds generated from the sales are then used to cover the

logistics support and priority project activity costs of the four cooperating sponsors: CARITAS del Peru, ADRA/OFASA, CARE-Peru and the Asociacion Benefica PRISMA who implement the PL 480 Title II direct feeding programs.

These resources made it possible for the Mission to mount the most significant social safety net program in Peru following the economic structural adjustment measures of August, 1990. Increased monetization support of a greatly expanded Title II direct feeding program enabled USAID to respond quickly to thousands of organized women's groups as they set up neighborhood soup-kitchens or "comedores" in the most depressed peri-urban areas of Peru's major cities where massive unemployment struck quickly. The effective community work of the "comedor" women to meet essential daily food needs of 1 out of every 7 Peruvians under the Title II Program alone was probably the most important factor which prevented social unrest and turmoil in these densely populated, poverty-stricken areas. This emergency feeding effort was complemented by food-for-work activities throughout the country. At-risk families living in extreme poverty received basic food staples while carrying out productive agricultural-related and social infrastructure projects.

Monetization proceeds are also used to promote the development of micro-enterprises and provide initial loan capital. Thousands of jobs have been created through new or expanded business initiatives. Additionally, by providing timely support to these businesses and preventing their collapse during the worst economic crisis in the country's history, thousands of other jobs were also maintained.

Consolidated data which demonstrate the level of impact of the Monetization Program and the other Title II interventions are not available. Both the up-coming Food Security Strategy study and the FY 94 implementation of the PL 480 Title II monitoring and reporting system called "SISEPAD" will enable the Mission to assess the impact of these programs.

IV. PROGRAM STATUS

The Monetization Program has reached a new stage of development in USAID/Peru. A successful pilot effort resulted in an approved FY 93-97 multi-year proposal which is now in its second year. The estimated annual requirement of US$20 million in local currency generations to support the USAID/Peru expanded Title II food-aid programs has met the project implementation needs of CARITAS del Peru, ADRA/OFASA, CARE and PRISMA. FY 93 transfers to the four cooperating sponsors totaled US$19.4 million with $10.4 million representing disbursements during the reporting period.

The timeliness of Monetization Program commodity requests, and commodity arrivals and sales have improved, eliminating in large part the cash flow problems that severely affected project implementation during the pilot stage. Currently, sales prices or negotiated sales contracts are completed prior to commodity purchase or arrival in country. Commodities are carefully selected based on levels of domestic production of the same or similar commodities, Peruvian import requirements, Title II availability, host country market prices and related Bellmon amendment considerations.

Monetization proceeds are also being used to fund the start-up of a jungle-based, local purchase direct feeding program sponsored by CARITAS. This will be the second local purchase program to be supported Title II Monetization. The other was a CARE day-care project in the highlands where the local purchase of native cereals provided a nutritional supplement for at-risk children under six years of age. During the next SAR reporting period, we will be monitoring the progress of both these efforts as well as formulating a policy position or recommendation on the local

purchase alternative within the framework of the Mission Food Security Strategy.

V. MAJOR OUTPUTS

A. CURRENCY USES

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

PVO	PROGRAMMED FY 1993 (US$)	DISBURSED LAST PERIOD (US$)	DISBURSED THIS PERIOD (US$)
SUB-PROGRAM			
CARITAS DEL PERU	8,186,432	2,414,965	5,156,351
ADRA/OFASA	3,254,700	2,131,662	1,123,038
PRISMA	3,948,486	1,639,924	1,784,319
CARE	4,982,843	2,737,241	2,098,731
SUB-TOTAL	20,372,461	8,923,792	10,162,439
ADMN. COSTS	456,381	-0-	267,209
GRAND TOTAL	20,828,842	8,923,792	10,429,648

The Title II Monetization funds covered 100% of the budget requirements approved for all cooperating sponsors in FY 93.

B. CURRENCY MANAGEMENT

During the fiscal year, a total of 29,064.2 metric tons of crude degummed soybean oil were donated under the FY 1993 agreement. The oil was monetized by CARE and generated US$16,915,265 (FY 93 cash and credit sales plus the collection of FY 93 promissory notes).

Status of Monetization Account

Bank balance as of 10/01/92	US$ 236,888
Balance in PVO accounts on 10/01/92	4,091,733
Income from sales:	
FY 92 (collection of promissory notes)	3,521,257
FY 93 (sales in cash and credit terms)	14,889,581
Interest earned during FY 93	114,000
Total available funds FY 93	22,853,459
Disbursements FY 93	(19,353,390)
Bank Balance as of 09/30/93	3,500,069
Commitments to be disbursed after 09.30.93	(1,475,402)
Collection of Promissory Notes (last shipment of oil FY 93)	2,025,684
Total available funds to cover FY 94 first quarter expenditures	4,050,351

C. OTHER ACCOMPLISHMENTS AND OVERALL STATUS

1. The agreement between AID and CARE for the FY 93 Monetization Program was signed on August 25, 1993.

2. After delays due to the conflicting interpretations of the value and prices of degummed soybean oil, AID/W approved and shipped in July the balance of 5,673.54 metric tons of the

commodity for monetization. These delays made it necessary early in the fiscal year to defer certain project activities until funds became available. As a result, a large number of labor-intensive project activities of short duration and rapid implementation were approved in the final quarter. Their accumulated value totalled US$2,572,462.

D. PROBLEMS AND DELAYS

At the end of the reporting period there were no significant problems affecting the implementation of the Monetization Program.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. Sign the FY 1994 Monetization Program Bilateral Agreement.

2. Sign the FY 1994 Monetization Program Implementation Agreement between USAID and CARE.

3. Officially approve the negotiated FY 1994 Monetization Program budgets of the PVO cooperating sponsors.

4. Establish the sales price of the 10,000 MT of crude degummed oil with CARE and the National Industrial Society (SNI).

5. Prepare the Call Forwards for 11,710 MT of wheat flour and 25,000 MT of rice.

6. Decide, in conjunction with CARE, the sales procedures to be followed for marketing the wheat flour and rice.

7. PES will be completed by the end of December 1993.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A __X__ B ____ C ____

IA. BACKGROUND DATA

Project Title:	PL 480 Title III, Monetization Program		
Value of Active Agreements:	FY-91	US $ 30.0 million	07.09.91
	FY-92	25.0 million	07.23.92
	FY-93	19.5 million	04.13.93
	FY-93 (Amend.)	12.9 million	08.05.93
Implementing Agencies:	FY-91	MEF, ENCI	
	FY-92	MEF, TRANSCONTINENTAL S.A.	
	FY-93	MEF, TRANSCONTINENTAL S.A.	
Major Contractor:	FY-91	ENCI	
	FY-92	TRANSCONTINENTAL S.A.	
	FY-93	TRANSCONTINENTAL S.A.	

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

IB. FINANCIAL DATA

AMOUNT OF LOCAL CURRENCY EXPECTED TO BE GENERATED:

FY-91	US $ 45.0 million
FY-92	38.5 million
FY-93	44.5 million
TOTAL	128.0 million

TOTAL AMOUNT OF LOCAL CURRENCY PROGRAMMED BY AGREEMENT:

FY-91	US $ 19.0 million
FY-92 (+ excess FY-91)	56.5 million
FY-93	45.8 million
TOTAL	121.3 million

TOTAL AMOUNT OF LOCAL CURRENCY DISBURSED BY AGREEMENT:

FY-91	US $ 19.0 million
FY-92	31.1 million
FY-93	0.0 million
TOTAL	50.1 million

AMOUNT OF LOCAL CURRENCY DISBURSED DURING LAST SIX MONTHS:
US $ 24.7 million

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives: This program supports Strategic Objectives Nos. 2 and 3: Sustainable Economic Growth Led by the Private Sector and Improved Health Status through Access to Quality Primary Health Care. The program supports these objectives through the importation of critical food commodities and the use of local currency generations for activities related to food security/health.

IIB. PROGRAM PURPOSE

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

III. PROGRAM DESCRIPTION

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

IV. PROGRAM STATUS

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

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

In spite of the fact that the policy reform agenda has had a slow start, due principally to the structural resistance of farmer interest groups to implement drastic changes to liberalize the economy and to the differing views of the MOA and MEF expert advisors, ORD nevertheless considers that the PL 480 Title III Program is achieving its objectives.

A. POLICY DIALOGUE BENCHMARKS

The multi-year Title III program signed in April 1993 is stressing agricultural policy reform with the GOP in the three areas of agricultural imports/marketing, agricultural exports, and agricultural technology transfer. USAID/Peru, the Ministry of Economy and Finance (MEF) and the Ministry of Agriculture (MOA) have established a policy dialogue working group to deal with the benchmarks. After only five months of dialogue, progress to date on the Year 1 benchmarks is as follows:

Internal Marketing

1. **Benchmark: Support the establishment of an agreement between the GOP, the Interamerican Development Bank, and the World Bank with respect to the variable surcharges on imports of agricultural commodities.**

   Initially, the Ministry of Agriculture (MOA) and the Ministry of Economy and Finance (MEF) held conflicting positions related to surcharges (sobretasas) on imports of agricultural products, with the former supporting continued variable surcharges in order to protect Peruvian agriculture and the latter in favor of immediate surcharge reductions and eventual elimination. In protracted negotiations with the Interamerican Development Bank (IDB), the GOP reached an agreement on the reduction and eventual elimination (by 1997) of surcharges on basic grains (wheat, corn, rice), sugar and dairy products. This agreement was published in Supreme Decree No. 114-93-EF dated July 28, 1993. This now allows the IDB to make its third disbursement on its Trade Sector Loan and review and approval of its Agricultural Sector Loan. The Mission financed an independent study which analyzes the relationship between wheat/wheat flour prices and potato prices/consumption and how the elimination of the present variable surcharge on wheat could positively impact the well-being of Peruvians. This study was officially shared with the GOP and the IDB.

2. **Benchmark: Support concrete actions by the GOP to completely privatize the National Commodities Marketing Company (ENCI) in order to improve the transparency and efficiency of agricultural commodity markets.**

   The position of the GOP is to privatize ENCI, a position A.I.D. strongly supports. Under its Trade Sector Loan, the IDB continues to negotiate ENCI's liquidation as a condition to its third disburaement. At every possible opportunity, the USAID has made clear its desire to see ENCI privatized and downsized. It has not allowed ENCI to participate in the monetization of FY 1992 and 1993 Title III wheat, restricting monetization to private sector organizations. The GOP's Privatization Committee (COPRI) has been recently authorized by Supreme Decree to undertake the privatization of ENCI as of August 1, through the transfer of part or all of its assets to the private sector. The Mission strongly supports and is closely monitoring this process.

3. **Benchmark: Study to determine the most effective mechanism to support groups of farmers in the Sierra and Selva to create their own organizational structures for marketing of their agricultural products and inputs.**

   The MOA has assisted in the establishment of a multi-community, farmer-owned enterprise in the rural mountain town of Andahuaylas, in the Department of Apurimac, for marketing of agricultural inputs and products. Although the Mission is not providing any financing in support of this effort, it is monitoring the Andahuaylas experience in order to draw lessons learned. During the remaining seven months of Year 1, the Mission will contract a study of various farmer-owned marketing operations to determine their feasibility, especially NGO experiences such as those of TechnoServe.

4. **Benchmark: Support the preparation and application of the rules and regulations of the Anti-Monopoly Law to make it operational and effective.**

   During the remaining seven months of Year 1, the Mission will take action on this benchmark.

5. **Benchmark: Feasibility study to determine the most effective mechanism for the payment and collection of the General Sales Tax (IGV) in the rural sector.**

   During the remaining seven months of Year 1, the Mission will contract a study to help the Peruvian Tax Authority (SUNAT) and the MOA determine the cost-effectiveness of collecting the IGV from individual farmers, as well as identify feasible tax collection alternatives.

6. **Benchmark: Roundtable discussions on the respective roles of the public and private sectors in relation to the social safety net and food security issues.**

   The Mission has held preliminary conversations with the National Development Institute (INADE) and the Compensation and Social Development Fund (FONCODES) concerning the social safety net, the GOP 1994 social development program as presented in Paris, and the Mission's financial participation in the effort through the use of local currency generations from the Title III program. Roundtable discussions will be held during the remaining seven months of Year 1.

7. **Benchmark: Public/private sector study tours to commodity exchange markets and trading systems of other Latin American countries.**

   A Mission representative participated in the First International Forum on Commodity Exchanges held in Guayaquil, Ecuador from July 28-30, 1993. From this experience and in collaboration with the Interamerican Institute for Cooperation in Agriculture (IICA), the Mission will design a program (including local workshops and study tours to appropriate countries) to determine the feasibility of a commodity exchange for Peru.

<u>Agricultural Exports</u>

1. **Benchmark: Roundtable discussions by public and private sectors to more clearly identify the roles of each in agroexports, especially in relation to the provision of and potential for cooperation in market information and product promotion.**

   Through the Export Sector Panel supported by the Mission through its Export, Trade and Development (ETD) Project, the public and private sector participants are continually defining and refining their respective roles. Through Supreme Decree 010-93-PCM, product promotion by the GOP has been enhanced by the recent creation of the Peruvian Promotion Council (Prom Peru) which is to design, coordinate and implement activities to promote Peru's overseas image, expand exports, and increase investments in Peru. The Mission is encouraging this effort and tracking its progress.

2. **Benchmark: Public/private sector study tour to El Salvador and perhaps Chile to review how these governments support private sector agroexports.**

   During the remaining seven months of Year 1, these tours will be carried out.

3. **Benchmark: Study of the necessary regulatory environment to be provided by the GOP for agroexports.**

   The Mission has contracted a study for the design of an internationally acceptable draw-back system on indirect taxes which will improve the competitiveness of Peruvian exports. Additionally, both the Export Sector Panel and the Peruvian Exporters Association (ADEX) are reviewing Peru's regulatory environment. Financial assistance necessary to undertake additional studies will be provided by the Mission as requested.

4. **Benchmark: Simplify customs procedures and establish a GOP "one-stop" window for processing documentation for agroexports.**

   Due to recent improvements by the GOP in processing export documentation, ADEX has indicated to the Mission that a one-stop window is no longer necessary, since only the Export Declaration is now required.

5. **Benchmark: Establish a public-private Export Promotion Council, with emphasis on agroexports.**

   With Mission support the Export Sector Panel has been created and is operational. However, the degree of concentration on agricultural exports needs to be determined.

<u>Technology Transfer</u>

1. **Benchmark: Public/private sector study tour to Chile and Ecuador to review operational private sector agricultural technology transfer mechanisms.**

During the remaining seven months of Year 1, the Mission will plan and implement the study tour.

2. **Benchmark: Analysis of private sector mechanisms for investing in privatized INIA research stations.**

   The Mission has initiated an analysis of the feasibility of using the Foundation for Agricultural Development (FUNDEAGRO) and/or the Fundacion Peru to assist in the formation of technology transfer enterprises with combined public and private sector capital as a first step in financing the privatized INIA research stations.

3. **Benchmark: GOP certification that the INIA privatization process is truly privatized in its operations and decision making.**

   The Mission is carrying out continuous dialogue with the MOA to obtain assurances that the ceded use of the stations is sufficiently long and the autonomy is sufficiently clear to assure private sector investment. The recently reactivated Board of Directors of INIA is insisting on these conditions.

4. **Benchmark: Roundtable discussion by public and private sectors to more clearly identify the interests and roles of each in agricultural technology generation and transfer.**

   As part of the preparation of the IDB Agricultural Sector Loan, various discussion have been led by the MOA concerning the role of the public and private sectors in agricultural technology generation and transfer. The Mission is carrying on an on-going dialogue with the MOA and the private sector foundations. The recent amendment to the Export, Trade and Development (ETD) Project, includes a technology transfer component. The Mission has also been promoting meetings between private sector foundations and input manufacturers/marketers to more directly involve the latter in technology transfer.

5. **Benchmark: Passage of a Seed Law which formally institutionalizes and legalizes the seed system.**

   The Mission continues to support the development and expansion of a nationwide private sector seed system initiated under the Agricultural Technology Transformation (ATT) Project. One of the objectives of the system is to obtain the passage of a seed law, which it has presented to the Constitutional Congress. The Mission has supported the draft law in discussions with the MOA, and is monitoring the progress and results of the deliberations in Congress.

6. **Benchmark: Passage of a law creating the National System of Generation and Transfer of Agricultural Technology (SINAGETTA).**

   The Mission has been supporting the IDB/MOA design of a revamped technology generation and transfer system to be implemented under the Agricultural Sector Loan. The passage of a law depends on the approval of the IDB loan which should take place later in 1993. The Mission is tracking the progress of this loan.

B. LOCAL CURRENCY USES

Generations from the FY-91 Agreement financed the 1992 Counterpart Budget. Generations from the FY-92 Agreement plus carry-overs from FY-91 are financing the 1993 Counterpart Budget. A total of US$26.9 million was disbursed under the 1992 Counterpart Budget, as follows: PL 480 Title III US$19.0 million and PL 480 Title I US$7.9 million. By the end of the reporting period a total of US$31.1 million was disbursed under the 1993 Counterpart Budget.

The following is the 1994 Counterpart Budget approved by A.I.D. and the GOP:

Local Currency Requirements for CY 94 - Equivalent in US Dollars			
	PROJECT		AMOUNT
	Office of Rural Development (ORD)		
1.	Upper Huallaga (January-June/94)		2,000,000
2.	COFIDE Agribusiness Credit		4,000,000
3.	PVOs		
	ADRA/OFASA	2,300,000	
	CARITAS del Peru	2,000,000	
	CARE	2,606,000	
	PRISMA	2,600,000	
	APROPO	1,500,000	
	TECHNOSERVE/ACDI	3,000,000	
	Fundación Perú	300,000	
	RAAA–Training	90,000	
	RAAA–Research	165,000	
	ADEFOR	96,000	14,657,000
4.	INADE-Temporary Employment/ Displaced Persons		10,000,000
5.	Local Gov't. Strengthening (Jun/Dec 94)		5,000,000
6.	Olla Gigante- Min. of Education		1,720,000
	SUB-TOTAL ORD >>>		37,377,000
	Office of Health, Pop. and Nutrition (OHPN)		
7.	Child Survival		4,500,000
8.	Project 2000		3,000,000
	SUB-TOTAL OHPN >>>		7,500,000
9.	Title III Policy Dialogue		400,000
10.	Unit: Program Management		500,000
	Total Allocations		45,777,000

C. LOCAL CURRENCY MANAGEMENT

The Special Unit established at the Ministry of Economy and Finance on August 28, 1992, continued to manage the Program. In addition to the chief of the Unit, seven Peruvian professionals have been contracted as part of its staff: two accountants, four economists and one lawyer. In addition to office space, MEF has provided personal computers and printers.

The Unit staff played a key role in the negotiations of Peru's first multi-year PL 480 Title III Program for the period FY 1993-1995, especially in relation to the policy dialogue pertaining to the agricultural sector.

D. PROBLEMS AND DELAYS

1. Payment in Default: Even though the MEF and A.I.D. have agreed to accept a timetable of monthly payments from **Molinera del Perú** to satisfy the debt of US$7.2 million, ENCI refuses to sign a debt repayment contract with the latter, alleging a lack of sufficient information. In spite of ENCI's obstinacy, the MEF has permitted the debtor to initiate payments against the debt by accepting a down payment of US$1,200,000 and also the first monthly payment amounting to US$552,760.28 corresponding to September 1993.The trial against Molinera del Peru continues and final sentence will be pronounced in October 1993.

2. MOA representatives were not responsive to the first working session held in MEF to discuss the modus operandi for implementing the policy dialogue. One of the reasons for this lack of collaboration, as perceived by A.I.D., is the conflicting views held by both MEF's and MOA's economic advisors, especially on the application of tariff surcharges.

E. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS FOR NEXT SIX MONTHS

1. Monitor the debt payment from Molinera del Peru.

2. Monitor the generation of sales proceeds.

3. Monitor the Special and Maintenance-of-Value accounts.

4. Further support the staffing and equipping of the MEF Unit.

5. Reinforce the implementation of the policy dialogue and reactivate the A.I.D. policy dialogue committee.

6. Issue a PIL that clearly defines the respective programming and monitoring roles of A.I.D. and the Special Unit of the MEF.

7. Submit to Washington the first progress report under the PL 480 Title III Multi-year Program and obtain approval of the second program tranche.

8. Confirm and/or modify the Year 2 Benchmarks in light of the Mission Food Security Strategy to be developed during the reporting period.

9. Prepare the scope of work for the June 1994 evaluation.

10. Review and define Mission policy regarding the use of Title III HCOLC funds to establish endowments for selected PVOs that support the Mission's portfolio.

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STRATEGIC

OBJECTIVE 3

PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

A __ B X C __

IA. BACKGROUND DATA

Project Title:	CHILD SURVIVAL ACTION PROJECT	
Project Number:	527-0285	
Date of Authorization:	original 09/28/87	amendment one 07/11/91 amendment two 09/29/92
Date of Obligation:	original 09/29/87	amendment one 03/01/88 amendment two 08/29/88 amendment tree 07/24/89 amendment four 08/01/89 amendment five 08/19/91 amendment six 09/30/92 amendment seven 04/07/93
PACD:	original 12/31/92	amendment one 12/31/94
Implementing Agencies:	1. Ministry of Health (MOH) 2. Peruvian Institute of Social Security (IPSS)	
Major Contractors:	1. U.S. Centers for Disease Control (CDC, PASA) 2. LAC Regional Accelerated Immunization II Project (Buy-in) 3. HEALTHCOM II Project (Buy-in) 4. The PRISM Group (Contract terminated on 10/30/92) 5. Alpha Consult S.A. (Contract terminated on 4/30/91)	
AID Project Manager:	Susan Brems	
PSC Project Coordinator:	Gerardo Arabe	

Status of CPs/Covenants: CPs - Satisfied or on track; Covenants - On track.
Date of Last Evaluation: 09/12/90 Next Evaluation: 12/31/93
Planned Number of Non-Federal Audits during Fiscal Year: 2 (UPCH and Alpha Consult) (*)
The Number of such Audits Contracted for/Completed: 2/0
Date of Last Audit: None Next Audit: 12/31/94
(*) UPCH and Alpha Consult audits are in progress: RIG/A/SJ managed. MOH will be audited at EOP. Remainder of implementers are subject to OMB Circulars A-110 or 133 audits: A/OP responsibility.

IB. FINANCIAL DATA

Amount Authorized:	DA Grant: original	$ 19,000,000	
Amount Obligated:	DA Grant: original	$ 2,600,000	amended to $ 19,000,000
Amount Committed:	Period:	$ 1,674,048	
	Cumulative:	$ 13,177,638	
Accrued Expenditures:	Period - Projected:	$ 1,500,000	
	Period - Actual:	$ 260,599	
	Cumulative:	$ 10,983,077	
	Period - Next:	$ 1,500,000	
Pipeline:		$ 8,016,923	
Counterpart Contribution:	Planned:	$13,015,000 - GOP Treasury; $12,000,000 - (Title I & III HCOLC)	
	Actual:	GOP Treasury: $ 16,800,000 (Estimated); PL-480: $ 15,500,000 (Estimated)	

% LOP Elapsed:	82.95%
% of Total Auth. Oblig.	100.00%
% of Total Oblig. Exp.	57.80%
% of Total Auth. Exp.	57.80%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This Project supports Strategic Objective No. 3: Improved health status through access to quality primary health care.

This Project contributes directly to the objective by reducing preventable infant deaths in Peru. The reduction in infant mortality is being accomplished through technical and financial assistance that improves the coverage and quality of the Ministry of Health's maternal and child health services.

Percent of LOP Funds Relating to Strategic Objectives: 100 %

IIB. PROJECT PURPOSE

To strengthen the capability of the public health sector to deliver improved child survival health services through an integrated, expanded and sustainable health care system.

III. PROJECT DESCRIPTION

The Project consists of two major components: (1) support for expansion of selected child survival (CS) services; and (2) strengthening of decentralized support systems for sustainable CS service delivery. Within this context, during the remaining life of the Project grant funds will be used primarily to support five selected Project components. Accordingly, the targets for the remaining life of the Project are as follows:

a. Institutionalization of the Peruvian Expanded Program on Immunization.

b. Completion of the MOH nationwide health and management information system (HIS/MIS).

c. Improvement of communicable disease reporting and capability to investigate and respond to disease outbreaks via a strengthened Active Epidemiological Surveillance network and institutionalization of the Field Epidemiological Training Program.

d. In-service clinical training for MOH health professionals on diarrheal diseases, breastfeeding, weaning and acute respiratory infections.

e. Design and implementation of a mass media communications campaign with specific messages for diarrheal diseases and infant feeding.

In addition, grant funds will also finance evaluations and audits and A.I.D. management support. PL-480 Title III counterpart funds will continue to complement the in-kind contributions and GOP Public Treasury funds to support priority child survival interventions.

V. PROJECT STATUS

During the reporting period, major Project institutionalization was achieved by the MOH in three areas: maintained its effective immunization program activities which have surpassed LOP coverage targets; advanced the institutionalization of the Field Epidemiology Training Program (FETP) as a new graduate program at UPCH; and further institutionalized the health and management information system (HIS/MIS), by increasing the number of computer centers throughout the country.

Overall Project implementation continued towards accomplishment of the above mentioned targets and achievement of the original Project purposes and goal, albeit at a slower pace than anticipated. The $2.0 million buy-in to the LAC II Regional Accelerated Immunizations Project, to be implemented by PAHO, was signed on June 9, 1993. This is expediting the implementation of key activities in support of the MOH's immunization program and the achievement of Project target "a" above. Also, a follow-on Project-funded, $0.7 million PASA agreement with the U.S. Centers for Disease Control (CDC) for the provision of technical assistance to the MOH's epidemiologic surveillance program, including the FETP, was signed on June 12, 1993. A $1.6 million, Project-funded Cooperative Agreement with UPCH to support the achievement of target "d" above has been negotiated and is expected to be signed in October. This Agreement will finance in-service clinical training for MOH health professionals on diarrheal diseases, breastfeeding, weaning and acute respiratory infections. A $0.7 million, grant-funded buy-in to the HEALTHCOM II Project continues under negotiation in AID/W. This buy-in will provide the technical assistance required to continue the grant-funded activities in support of target "e" above.

Due to the signing of the above mentioned grant-funded buy-ins and agreements, totalling $5.0 million, the pace of Project implementation is expected to improve significantly during the next reporting period. However, implementation delays suffered by the Project to date, due to the USG sanctions to Peru under Section 620 Q of the FAA and the Brooke-Alexander Amendment, and specially those that occurred during this period, mean that the some of the above cited Project targets will probably not be accomplished as planned, and the current Project pipeline of $8.0 million will not be fully utilized by the current PACD of December 31, 1994. Therefore, the Mission is considering a no-cost PACD extension of one year, to December 31, 1995, for those targets requiring additional time only. Such targets will be determined within the next reporting period once their implementation schedules are updated and the need for additional time is clearly demonstrated.

A. END-OF-PROJECT-STATUS (EOPS) INDICATORS

EOPS INDICATORS	PROGRESS TO DATE
80% coverage will be achieved in children under one year of age for BCG, DPT[3], OPV[3], and measles.	EOPS already achieved. Given the current immunization coverage of 83.10%, the Mission will propose that the MOH adjusts the original 1994 EOPS to 85%
Wild polio virus will be eliminated from Peru.	Last polio case occurred on August 23, 1991. One key element for WHO certification of polio eradication is to have zero cases during a 3-year period.

EOPS INDICATORS	PROGRESS TO DATE
The HIS/MIS computerized information system will be operational nationwide.	The HIS is fully operational in 32 Health Regions/Sub-Regions, with 124 computer centers. Two of the four MIS software packages are being installed nationwide. The other two are being refined at the MOH before they are installed in computer centers. Additional hard-ware is being purchased. TA from the CDC/Data for Decision Making Project is scheduled for October 1993.
An Active Epidemiologic Surveillance (VEA) system will be in place and up to 35 health professionals trained in field epidemiology will be assigned at the central and regional levels.	The first 10 FETP graduates are already assigned to different MOH national and regional offices. Another 12 are in the second year of training. A third group of 20 trainees are finishing the 6-month selection process. From the latter group, at least 15 will continue the 2-year FETP training course.
80 hospitals will have trainer teams on diarrheal disease/ARI and acute respiratory infection.	Progress will be reported in next SAR, when UPCH clinical in-service training program is underway.
44 hospitals will have lactation management/weaning trainer teams and will have written and implemented policies in support of breastfeeding.	Progress will be reported in next SAR, when UPCH clinical in-service training program is underway.
7,000 physicians, nurses, midwives, and auxiliaries will receive replicate training courses in diarrhea/ARI management and/or lactation/ weaning management.	Progress will be reported in next SAR, when field replica courses of the UPCH clinical in-service training program are underway.
The use of unnecessary pharmaceuticals (antidiarrhetics and antibiotics) for treatment of diarrheal episodes in children under 5 will be reduced by at least one-third.	Progress will be reported in next SAR, when health communications activities under a HEALTHCOM buy-in and UPCH training of physicians and nurses are underway.
At least 70% of moderate and severe cases of ARI will be treated according to MOH norms.	Base line data of 50% taken from DHS II (1992). EOPS to be measured by DHS-III (1996).
55% of women with infants under four months of age will be exclusively breastfeeding.	Baseline level of 40% taken from DHS-II (1992). DHS-III (1996) and other surveys will provide progress and final data.
At least 18% of infants will receive calorically-dense foods as their first weaning food.	Baseline level of 2-5% according to DHS-II (1992). DHS-III (1996) and other surveys will provide progress and final data.
40% of women of fertile age will receive two doses of tetanus toxoid vaccine prior to or during pregnancy.	Baseline level of 20.1% taken from DHS-II. Final EOPS level to be measured by DHS-III (1996)
At least 50% of diarrheal episodes in children under 5 will be treated with ORS or home available fluids.	Base line data of 31% taken from DHS-II (1992). EOPS to be monitored from the DHS-III in 1996, and other available surveys.

B. OUTPUT INDICATORS BY PROJECT COMPONENT

Progress towards achieving Project outputs by Project component are as follows:

B.1. IMMUNIZATIONS

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
Completion of National Inventory of Cold Chain Equipment.	1	0	0	1	0	0	0
Functioning national maintenance and cold chain logistics plan in all MOH Regions and Subregions.	32	0	0	32	0	0	0
Cold chain maintenance training provided to at least one employee per health center and health post.	3,300	0	240	0	0	240	7
Basic refrigerator repair training provided to MOH staff in Regions and Sub-regions.	32	0	18	0	0	18	56
Completion of 2 operational research studies.	2	0	0	1	0	0	0
Replacement of refrigerators in disrepair to strengthen cold chain.	826	0	726	100	0	726	88
Inventory control and logistics system installed in each health region, with demonstration projects in 2 regions to finetune methodologies.	32	0	0	2	0	0	0

B.2. HEALTH AND MANAGEMENT INFORMATION SYSTEMS (HIS/MIS)

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
33 health regions and sub-regions inter-connected via computerized system to the central level for information sharing.	33	3	32	0	3	32	97
Trimesterly reporting of mortality/morbidity statistics from the regions consolidated senior level MOH officials and international cooperating agencies.	4/year	0	0	0	(See Section IV.C below)	(See Section IV.C below)	(See Section IV.C below)
90% of health service transactions and patient consults recorded in the computerized information system.	90%	10	60	10	10	60	67
100% of health regions and sub-regions will receive monthly feedback reports on service statistics.	100%	0	50	10	0	50	50

B.3. EPIDEMIOLOGICAL SURVEILLANCE PROGRAM (VEA-FETP)

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
Physicians trained in field epidemiology and assigned to central and regional levels.	35	0	10	0	0	10	29
Sentinel sites established and functioning.	31	0	8	10	0	8	3
Obligatory disease reporting in 36 health regions and sub-regions.	36	4	32	4	4	32	89
National laboratory personnel trained.	180	0	0	50	0	0	0
National (1) and regional (5) reference laboratories upgraded.	6	0	0	1	0	0	0

B.4. CLINICAL IN-SERVICE TRAINING

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
MD-RN hospital teams trained as trainers in diarrheal and ARI case management.	80	0	0	28	0	0	0
MD-RN-Midwife hospital teams trained as trainers in lactation management and weaning.	44	0	0	12	0	0	0
Medical, nursing and auxiliary personnel trained in replicate training courses.	7,000	1,500	1,500	2,000	0	0	0

B.5 SHORT-TERM OVERSEAS TRAINING

INDICATORS AND SUB-OUTPUTS	OUTPUTS PLANNED				OUTPUTS ACCOMPLISHED		
	LOP	Period	Cumul.	Next Period	Period	Cumul.	% of LOP
Total Participants	20	4	11	4	4	11	55
Male Participants	10	0	5	2	0	5	50
Female Participants	10	4	6	2	4	6	60

B.6. HEALTH/NUTRITION COMMUNICATIONS

The specific output indicators and implementation details for this component will be defined and coordinated with the MOH Office of Communication as soon as technical assistance from the HEALTHCOM II Project is provided. They will be included in the next semi-annual project report.

C. Other Accomplishments and Overall Status

- As planned in the 1993-1996 Action Plan for the MOH's Expanded Program on Immunization, two key implementation activities were carried out or initiated during the reporting period. Two of the three Vaccination Days scheduled for CY 1993 were undertaken.

A total of approximately 1.2 million infants and children less than five years of age were vaccinated against immuno-preventible diseases, including polio, measles, diphtheria, pertussis, and tetanus. In addition, the national inventory of cold chain equipment was initiated. The survey instruments, including a detailed questionnaire, designed and developed with WHO/Geneva and PAHO support were approved by USAID and validated in the field. A group of 30 local surveyors were trained and information for one health region, Lima Ciudad, was collected. The results of this survey are critically needed to purchase the required complementary cold chain equipment, select the operational research studies, and design the maintenance training and logistics plans.

- The nationwide institutionalization and decentralization processes of the health and management information system (HIS/MIS) continued during the reporting period, albeit at a slower pace than anticipated. The HIS system is operating in 124 MOH computer centers located, one at the central level in Lima, 32 health sub-regions, 54 hospitals, and 37 health centers. Also, the MOH established a total of 35 Technical Committees throughout the country. These Committees are formed by the Technical Director of the sub-regions, and the directors from the offices of epidemiology, health programs, and statistics and informatics. They will meet on a monthly basis to analyze the health status of their regions, using the HIS data. In addition, the MOH's Office of Statistics and Informatics, updated the MOH health statistics by collecting, analyzing and publishing the 1986-1990 Registry of Deaths, with an update to 1991 being completed, and releasing the following publications: Estadisticas de Salud y Poblacion 1990-1992; Banco de Informacion del SIS 1992; and, Censo de Infraestructura Sanitaria y Recursos Humanos 1992.

- As scheduled, the 12 participants of the second 2-year Field Epidemiology Training Program (FETP) completed their first year of training. Another 40 health professionals from throughout the country completed their first 2-month FETP introductory course, after which the best 20 continued a more intense 4-week FETP course. During the next reporting period, the final number of trainees that will continue as residents of the third 2-year FETP will be determined. The MOH professionals trained under this program form a 24-hour-on-call available cadre to respond to sudden epidemiological needs like the cholera epidemic and other disease outbreaks as well as to conduct permanent epidemiological surveillance, including disease investigations and research. The proposal drafted jointly by the MOH's VEA staff and the UPCH's FETP faculty, to consider the two-year field epidemiology training course as another UPCH regular graduate program, was revised by the VEA Technical Committee and submitted for consideration and approval to both the UPCH Graduate School and Executive Council. With this action, the formal process of institutionalizing the FETP at the UPCH was initiated. Key decisions in this process are expected within the next reporting period.

- Two local IQC contractors, Price Waterhouse and Panez, Chacacliaza, Barreda y Asociados S.C., were contracted by RIG/A/T to conduct non-federal project financial audits covering the period September 1987 to December 1992. The former was contracted to audit the Project-funded teaching support to the Field Epidemiology Training Program, managed by the Peruvian University Cayetano Heredia. The latter was contracted to audit the Project-funded, cost-reimbursable plus fixed-fee contract with Alpha Consult S.A., which had the responsibility of hiring and managing personal services contracts with a group of Peruvian management advisors to assist the MOH in Project implementation. These financial audits are currently underway and are expected to be completed during the next reporting period. In addition, the Mission is also conducting a financial audit for the two major Project implementing institutions: the Ministry of Health (MOH) and the Peruvian Social Security Institute (IPSS). This audit will be completed next month and will complement the results of a project-funded review of the MOH and IPSS internal control systems conducted by Price Waterhouse during the reporting period.

D. Problems and Delays

- Overall Project implementation is behind schedule, mainly due to unanticipated contracting delays during the reporting period. Key project-funded activities in support of targets "a" and "e" suffered serious delays, due to unanticipated changes in AID/W's schedule for processing the buy-ins to HEALTHCOM II Project and LAC II Regional Accelerated Immunizations Project. After five months of negotiations, the Regional Contracting Officer was able to reach an agreement and sign a follow-on PASA with CDC in support of target "c". Also, lengthy negotiations caused by earlier MOH technical disagreements and a more recent need to update the new Minister of Health (unexpectively changed), who took office in August 1993, delayed the signing of a Cooperative Agreement for target "d" with the Peruvian University Cayetano Heredia (UPCH). As a result, implementation activities during the reporting period were heavily supported by Project counterpart funds and, on a more limited basis, by previous grant-funded commitments. Only 17.37% of the $1.5 million grant-funded expenditures scheduled for this period was actually spent.

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

- The buy-in to the HEALTHCOM II Project will be negotiated. Technical assistance from the Academy for Educational Development (AED) and the Institute of Nutritional Investigation (IIN) will be provided to design and implement a mass media health communication campaign.

- The national cold chain inventory will be completed. Based on the results, the maintenance training and logistics plans will be designed, and the purchase of additional cold chain equipment will be initiated.

- A total of 40 hospital teams of trainers and 2,000 regional physician, nurses and auxiliary personnel will be trained in clinical management of diarrheal and ARI cases and on lactation management and weaning.

- The non-federal Project financial audits contracted by RIG/A/C to audit the UPCH teaching support and the Alpha Consult contract will be completed.

- An overall Project progress evaluation covering the period from September 1990 to December 1993 will be completed.

- A no-cost, one-year PACD extension, to December 31, 1995, will be approved for selected Project activities.

HPN:GArabe:11/10/93

PROJECT STATUS REPORT
April 1 - September 30, 1993

A____ B_x_ C____

IA. BACKGROUND DATA

Project Title: Strengthening Private Sector Health Institutions
Project Number: 527-0319
Date of Authorization: original 09/28/91
Date of Obligation: original 09/28/91 amendment 06/30/92 amendment 9/29/92
PACD: original 12/31/96 amendment 12/31/99
Implementing Agencies: CARE International (South)
Major Contractors: Institutional Contractor to be selected (North)
AID Project Manager: Luis Seminario, Chief, HN
Status of CPs/Covenants: N/A, Cooperative Agreement
Date of Last Evaluation: None Next Evaluation: 9/94
Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of such Audits Contracted for/Completed: None
Date of Last Audit: N/A Next Audit: To be implemented by FA/OP with quarterly reports beginning CY 1993

IB. FINANCIAL DATA

Amount Authorized:	DA/Grant: original	$ 18,000,000	
Amount Obligated:	DA/Grant: original	$ 3,025,000	amended to $ 6,741,015 (06/19/93)
Amount Committed:	Period:	$ 882,831	
	Cumulative:	$ 2,640,224	
Accrued Expenditures:	Period-Projected:	$ 1,000,000	
	Period-Actual:	$ 660,490	
	Cumulative:	$ 1,772,711	
	Period - Next:	$ 1,000,000	
Outstanding Advances:		$ 0	
Counterpart Contribution:	Planned:	$ 1,000,000 (cash in kind)**	
	Actual:	$ 0	
% LOP Elapsed:		24.00%	
% of Total Auth. Oblig.		37.45%	
% of Total Oblig. Exp.		26.29%	
% of Total Auth. Exp.		9.84%	

** Northern component of project only

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This Project supports Strategic Objective No. 3: Improved health status through access to quality primary health care. The Project supports the objective by improving the private sector role in the provision of essential health services.

Percent of LOP Funds Relating to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

The SHIP Project objective is to improve the health status of Peruvians through greater coverage of quality primary health care. The Project's purpose is to test the operational and financial feasibility of innovative models for delivering primary health care through the private sector.

III. PROJECT DESCRIPTION

The Strengthening Health Institutions Project (SHIP) is designed to address some of the principal constraints -- especially limited financial resources -- to increasing the coverage of high quality primary health care services among low-income populations in Peru. Though this is precisely the mission of the Ministry of Health, Peru's economic and social crises have severely weakened the Ministry's capacity to carry out this mission. The Government of Peru's current level of public health expenditure, which stands at 1.3 percent of GDP, is one of the lowest in the Americas. SHIP is meant to lessen the financial burden on the MoH while it tests the effects of particular innovations in service delivery on **cost recovery** and **sustainability**. SHIP operates in two areas of the country: Puno and Arequipa in the South, and Chiclayo in the North; each area tests different types of models.

In SHIP South, the Project strengthens existing non-governmental organizations (NGOs) through sub-grants and technical assistance that enable them to develop and test innovations in primary health care delivery. The Project is implemented through a cooperative agreement (CA) with the U.S.-based PVO CARE International. To date, 16 NGOs have received sub-grants. They cover a base of 320 communities, enabling some 150,000 people to benefit from improved services and better health education. Through one sub-grant, Amakella, a local NGO, was able to produce and transmit health education "spots" and mini-programs throughout the Arequipa region. Impact was maximized as the programs were transmitted in both Spanish and Quechua. Another sub-grant has procured pharmaceuticals, trained health promoters and is in the process of establishing "botiquines" in 400 communities. Because these "botiquines" or "mini-pharmacies are the only source of medicine available in these communities, they are beginning to initiate the trend of the modern, rational use of drugs to treat common illnesses such as acute respiratory infections. A third sub-grant has enabled an NGO to direct its health education and primary health services to ten rural and four urban areas

which they are visiting several times per week. This is a unique service and allows the NGO to closely track the health of these populations. Each of these programs will play an integral part in raising the overall health status of the Puno and Arequipa communities.

CARE provides technical assistance on an ongoing basis - both tailored to the needs of particular NGOs and in group seminars. Technical assistance needs are constantly identified and addressed. Just this year, CARE organized two successful conferences: one on financial and programmatic sustainability and the other on pharmaceutical procurement and distribution. Both of the conferences allowed sub-grantees to convene, learn from national and international experts and to discuss common concerns.

In SHIP North, the Project will develop and manage a network of quality primary health care centers, benefitting a population of 300,000 people, with the underlying objective of achieving cost recovery. These centers, which are currently managed by the MoH, are scheduled to be transferred to a private public health organization with support from the community. The test will then be whether such an organization can expand and improve primary health care services at the same time that it recovers the costs of these services. Significant progress has already been achieved in pre-implementation activities, such as a market and feasibility study. Major obstacles in the procurement process, however, have delayed the contract award and thus Project implementation. Though an RFP was issued in June, a protest lodged in August by a potential bidder has postponed the evaluation of proposals. Estimates for the resolution of this protest vary, ranging from 3 to 6 months from the date of this SAR.

Further, the Project was approved when the Peruvian government was under 620q sanctions. Because SHIP South works exclusively with the NGO community, sanctions do not affect it. But the sanctions caused a previous delay in procuring an institutional contractor for SHIP North. To compensate for lost time, the Mission contracted out two studies that would have been done through the contractor: the market and feasibility study mentioned above and a legal study. Both of these studies have been completed, furnishing results crucial to project implementation. The market and feasibility study demonstrated that low-income people in the Chiclayo area are willing to pay for quality health care services. It also concluded that, given the population, the demand for health services and under certain assumptions, a self-financing network of clinics is viable. The legal study concluded that transferral of MoH clinics to a private organization was legally possible, albeit dependent on political will for its accomplishment.

As experience throughout the developing world is demonstrating, the process of privatization or partial privatization of basic health services is becoming more and more relevant to the management and financial sustainability of programs. Through SHIP, AID/Peru and the Peruvian health care community have the opportunity to explore the feasibility of these innovative models; the results will be of great interest to the international health care community. It is AID/Peru's expectation that SHIP will influence the design of future health care delivery programs in both the public and private sectors.

IV. PROJECT STATUS

A. End of Project Status (EOPS)

	Planned EOPS	Progress To Date
1.	**SHIP South** Grants for primary health care support or promotion made. NGO cooperation fostered. Regional MOH authorities collaborate actively with grantees.	Contracts signed for 16 of the 20 planned grants: 10 in Arequipa and 6 in Puno.
2.	**SHIP North** One self-financed regional primary health care delivery system established and functioning in the macro-north region.	RFP for institutional contractor out. Selection halted pending resolution of a protest.
	Studies, dissemination, policy, and dialogue Studies conducted. Results of all studies and evaluations disseminated through workshops, seminars, and publications.	- Market and feasibility study completed. - Legal study for the North completed. - Pharmaceutical procurement study completed.

B. Major Outputs

		Planned				Accomplished		
		LOP	Period	Cum.	Next Period	Period	Cum.	% of LOP
	SHIP South							
1.	18-20 sub-grants for PHC made	20	19	19	0	16	16	80%

	SHIP North							
2.	A non-profit health care system that is 80% self-sustaining by 1997 in terms of network operating expenses.	Nos. 2, 3, 4 & 5 refer to SHIP North and so are pending the award of the contract.						
3.	A non-profit primary health organization (PHO) established with charter, Board of Directors and bylaws in first year of Institutional Contract.							
4.	The PHO has one central management office and at least 10 health centers by end of year 2.							
5.	Health clinics are established and providing high quality service to 150,000 clients annually by 1996.							
	Studies/ Evaluations							
6.	Legal, marketing and feasibility studies conducted by A.I.D.	2	2	2	0	2	2	100%
7.	PHC pharmaceutical revolving fund established and sustained.	1	0	1	1	0	0	0

C. Other Accomplishments and Overall Status

Southern:

1. Second round grants for NGOs have been awarded to 4 NGOs.

2. The health information system, designed specifically for SHIP South, has been installed in both regional offices and appropriate personnel have been trained. This information system will provide salient management information to maximize project impact.

3. The pharmaceutical study has been completed, providing preliminary guidelines for future drug procurement.

4. The majority of the Project beneficiaries are women, as most of the sub-grants are directed at women aged 15 - 44.

Northern:

5. The legal study has been completed. The study outlines legal parameters and makes recommendations for the implementation of SHIP North. Transfer of ownership of the health centers may be complicated but is legally possible.

6. The PIO/T/RFP Scope of Work for the SHIP North contract was released to the public on June 28th, 1993.

D. Problems and Delays

1. Due to a problem with security clearance, the HPN Office position of Project Coordinator for SHIP South is vacant. A new coordinator is expected to be recruited by mid-November.

2. CARE's field-based project coordinator in Arequipa resigned to assume a position with another NGO. A new project coordinator has taken over the position.

3. After some delays, CARE has developed health care indicators for SHIP South. Indicators should be agreed upon by the end of October.

4. In SHIP North, a bidder protest has delayed the procurement, which was scheduled for award during September or October of 1993; it is not clear how much longer the delay will continue.

5. The GoP's counterpart contribution of $1.0 million has not been met because it is linked to the transference of the MoH clinics in Chiclayo.

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

SHIP South

1. Hire a Project Coordinator for the HPN office.

2. Conduct financial audits.

3. Conduct extensive field visits with CARE project coordinator to establish a basis for an A.I.D. evaluation.

4. Conduct Project evaluation to evaluate and redirect the Project accordingly.

5. Reassess technical assistance to the NGOs so that the last years concentrate on programmatic and financial sustainability.

SHIP North

6. Await resolution of the procurement protest, evaluate proposals and award institutional contract.

PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993 A ___ B X C ___

IA. BACKGROUND DATA

Project Title: PRIVATE COMMERCIAL FAMILY PLANNING (CFP)
Project Number: 527-0326
Date of Authorization: original 08/29/91
Date of Obligation: original 08/30/91 amendments: 03/30/92, 04/19/93
PACD: original 08/30/96
Implementing Agencies: Apoyo a Programas de Población (APROPO)
Major Contractors: The Futures Group/SOMARC and Johns Hopkins U./Population Communication Services (Buy-Ins)
AID Project Manager: Maria Angelica Borneck
Status of CPs/Covenants: Cooperative Agreement, all provisions are on track
Date of Last Evaluation: None Next Evaluation: February 1994.
Planned Number of Non-Federal Audits during Fiscal Year: one
The Number of such Audits Contracted for/Completed: one
Date of Last Audit: 12/31/91 Next Audit: 12/31/92. RCA required yearly.

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant: original		$ 5,000,000
Amount Obligated:	DA/ESF Grant: original		$ 5,000,000
Amount Committed:	Period:		$ 1,022,423
	Cumulative:		$ 3,213,322
Accrued Expenditures:	Period - Projected:		$ 600,000
	Period - Actual:		$ 612,938
	Cumulative:		$ 2,134,135
	Period - Next:		$ 600,000
	Pipeline:		$ 2,865,865
Counterpart Contribution:	Planned:		$ 191,000 (cash: $136,000; in-kind: $55,000)
	Actual:		$ 263,000 (cash: $97,000; in-kind: $166,000)
% LOP Elapsed:		41%	
% of Total Auth. Oblig.		100%	
% of Total Oblig. Exp.		43%	
% of Total Auth. Exp.		43%	

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This project supports strategic objective No. 3: Improved health status through access to quality primary health care. This activity contributes to the objective by providing family planning information, services and supplies through the commercial sector. It also provides information and referral to potential users of public sector services and Private Voluntary Organizations.

Percent of LOP Funds Related to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

To increase the provision of modern contraceptive methods through commercial sector channels.

III. PROJECT DESCRIPTION

This project attempts to decrease country dependence on externally subsidized products and services. The project consists of two main components: social marketing of products and services and a national family planning communication program.

The target group of the contraceptive social marketing consists of those moderate and lower-income Peruvian couples not using a modern family plannig method but wishing to limit or space the number of their children. At the end of 1991 these socioeconomic groups had a monthly average family income between the range of US$ 150-500. For marketing of services the main target group is composed by manufacturing companies and insurance companies.

The social marketing component objective is to increase the availability of accessibly-priced contraceptive products and family planning services to the project's target groups through commercial channels. APROPO will increase contraceptive sales through brand advertising and promotion of contraceptive social marketing (CSM) products supplied by local manufacturers. Services will be promoted mainly among employers and insurance companies, showing them the positive returns of including family planning in their health plans and health insurance policies.

The objective of the national family planning communication component is to supplement brand advertising, to better inform Peruvians about the benefits of modern contraceptive methods. A lack of information and misinformation about the health effects and use of family planning methods prevent the achievement women's reproductive intentions and a higher contraceptive prevalence rate in Peru. This problem had not been addressed previously by other population projects. APROPO, in coordination with other local institutions will develop a mass-*media communication strategy including communications needs assessment studies, audience research, communication campaigns, and impact evaluation surveys.

IV. PROJECT STATUS

The project progress shows positive results. Main process indicators used are product sales. Impact indicators of Communication activities are rates of retention of messages and its acceptance by the target population. These indicators show that the project is going in the right direction to increase the use of contraceptive methods through commercial channels.

Increase of sales of the four products included in the social marketing program have reached a range between 4% and 90%. It is important to mention that, because of the project marketing strategy, the decreasing trend of sales in 1991 was reversed. The monthly sales average of period after starting the marketing and publicity campaigns of pills increased by 11% compared to period previous to project campaign.

In the area of Communication, impact evaluation surveys show that there is high retention and acceptance of TV and radio messages of educational and brand communication messages by the target population. APROPO has also developed non-traditional means to inform people such as street theater and T.V. sketches, which reinforce mass-media messages.

Overall impact of this project in terms of increased participation of the commercial sector as a source for contraceptive products and services cannot be measured on a short term basis. At the present time there is no methodology to isolate overall impact of one project since national variables are affected by project interventions and other like public sector interventions and market forces. Impact of this project and others of the Population portfolio will be measured in the next Demographic and Health Survey planned for 1996.

A. End of Project Status (EOPS)

	Planned EOPS	Progress To Date
1.	Increased Couple Years Protection (CYP) of Social Marketing products through commercial retail sales, over baseline: pills, injectables, vaginal tablets, and condoms.	Increase in CYP are measured through increase in product sales. In order to maintain a continued supply of products at affordable prices by the target population, APROPO has signed agreements with four local producers of two brands of pills, one vaginal tablet and one injectable. APROPO with project funds, has implemented product promotion, training to pharmacists and publicity. The laboratories contribute to the cost of these activities mainly through the payment of a commission, on the value of sales (5% to 10%), they also contribute with staff time to project activities. After a declining trend in sales, they started growing after the first project publicity campaign. During the second project year, sales of CSM pills (Microgynon and Nordette) increased by 14%, reaching 90% of the target. Total sales of pills increased by 7%. CSM vaginal tablets, (the only commercial brand Lorophyn) grew by 17%. The CSM injectable (Depo-Provera) increased by 30%, though total sales of injectables decreased by 4%. At present, 90% of the 5,000 drugstore and pharmacies in Peru carry CSM products and informative pamphlets on each CSM product; 20% of total establishments, have been trained on contraceptive methodology, and interpersonal relations to improve the communication of information to clients.
2.	Enrollment of eligible women of reproductive age (W.R.A.) in employer-subsidized family planning programs	APROPO signed agreements with 9 private clinics offering family planning services and implemented an aggressive plan of promotion of these services among major business companies in Lima. During the past year, APROPO provided information about the benefits of offering family planning services to the labor force to more than 2,100 companies, and conducted 5 workshops for around 1,000 social workers and personnel managers of these companies. Results of these activities were sales of 17 educational plans for 1,300 workers and 124 gynecological check-ups. Also, one insurance company incorporated IUD insertion as a service of its health policies.

3.	Increased knowledge about contraceptives and sources among women and men.	Educational messages supplement brand advertising, including radio spots, popular theater, posters, newspaper articles and a personal counseling hot-line. This multimedia communication strategy is showing, according to periodic evaluation surveys, that potential users retain and accept these messages, they fell encouraged to seek additional information and to start changing their attitudes about modern family planning methods. It is expected this component will contribute to increased contraceptive sales in the next years.

B. Major Outputs

	Planned				Accomplished		
	LOP	Period	Cum.	Next Period*	Period	Cum.	% of LOP
A. CONTRACEPTIVE SOCIAL MARKETING							
1. Publicity							
T.V. Spots							
Average Audience (thousands)	N/A	20	20	50	40	37	N/A
Radio Spots							
Average Audience (thousands)	N/A	7	7	7	6	6	N/A
2. Promotion							
% pharmacies CSM products	N/A	100%	100%	90%	90%	85%	N/A
% carrying CSM material	N/A	40%	40%	60%	40%	29%	N/A
No. pamphlets (thousands)	N/A	2,000	--	2,000	1,798	2,113	N/A
No. displays	N/A	1,000	--	2,000	3,422	4,154	N/A
3. Training							
No. pharmacies	N/A	1,500	3,300	3,000	980	2,113	N/A
No. trainees	N/A	3,000	4,800	4,000	1,988	4,478	N/A
Training	N/A	6	6	6	3	3	N/A
Increase in knowledge	N/A	0	--	30%	28%	28%	N/A
4. Sales (thousands units)							
Microgynon (cycles)	N/A	668	1,213	670	568	1,032	N/A
Nordette (cycles)	N/A	128	198	150	133	203	N/A
Depo-Provera	N/A	65	119	72	56	99	N/A
Lorophyn (boxes x 12)	N/A	167	269	144	120	222	N/A
Condom 1	N/A	--	--	1,100	--	--	N/A
B. COMMERCIAL SERVICES DELIVERY							
1. Affiliated clinics	N/A	12	12	*	9	9	N/A
2. Promotion			*				
Companies informed	N/A	240	290		2,167	2,210	N/A
Seminars	N/A	--	--		5	9	N/A
No. participants	N/A	--	--		988	1,118	N/A
Newsletters	N/A	1,500	1,500		1,900	1,900	N/A
C. COMMUNICATION							
Radio spots/programs	N/A	720	1,308	320	875	1,429	N/A
Average Audience (thousands)	N/A	328	195	120	127	90	N/A
T.V. presentations	N/A	18	25	10	4	14	N/A
Average Audience (thousands)	N/A	1,500	1,500	800	800	662	N/A
T.V. microprograms	N/A	--	--	120	--	--	N/A
Average Audience (thousands)	N/A	--	--	30	--	--	N/A
Theater presentations	N/A	130	208	80	78	148	N/A
Attendants	N/A	3,250	14,950	13,600	24,000	37,750	N/A
Counselling cases	N/A	1,600	1,834	2,000	1,626	2,901	N/A
Press articles/reports	N/A	6	26	36	29	47	N/A
Average No. readers (thousands)	N/A	80	57	80	199	220	N/A
Hot-line counselling	N/A	--	--	6,000	5,155	5,155	N/A
D. INCOME/CONTRIBUTION (US$) (Thousands)	N/A	191	241	264	263	747	N/A
- CSM (cash)	N/A	129	154	109	96	160	N/A
- CSD (cash)	N/A	7	22	--	1	121	N/A

- Communications (in-kind)	N/A	55	65	55	166	466	N/A
- Other (in-kind)	N/A	--	--	--	--	--	N/A
- Condom (centrally-funded)(cash)	N/A	--	--	100	--	--	N/A

(*) Targets for Year 3 depend on a mid-term external evaluation to be carried out in January, 1994.

C. Other Accomplishments and Overall Status

1. Mission is providing additional funding (PL 480 - III) to support the project communication component in order to increase its impact on improved knowledge and use of family planning methods. Since August, there has been an on-going campaign which has been not only approved, but underwritten, by the Ministry of Health and the Social Security Institute. This is an acknowledgement that the project activities supports the national family planning program.

2. APROPO and SOMARC (centrally-funded project which provides T.A. to APROPO) negotiated a US$ 700,000 contract to implement a social marketing of condoms plan, through which APROPO will be the owner of 2 condom brands. The Mission is providing a donation of 1'700,000 condom units (US$ 97,096) to "prime the pump" and generate working capital to continue a self-reliance condom program in the future years. This plan will allow APROPO to increase the number of products in the social marketing program, while improving its financial sustainability.

3. The agreement with UPJOHN has been revised to include US$ 20,000 annual contribution to the project, due to FDA approval of this injectable. This additional funding will go to increase and improve information for potential users.

4. The training program increased the number of participant establishments from 867 to 1,192 (37.5% increase) per year, and the number of trainees from 1,558 to 1,998 (28% increase).

5. More than 5,000 telephone calls for counseling and service referrals were received by APROPO; an indication of the high response of the target population to the mass media project campaigns.

6. Free T.V. and radio space was obtained in the second year for the estimated value of US$ 166,000, 23% higher than the previous year in-kind contribution.

7. Total project contributions amounted to 30% of annual A.I.D funding.

C.1 Women in Development:

1. Project Staff
The Project Director and three of the four key project staff members are women.

2. Training of pharmacists and pharmacy clerks.
Of 4,478 persons, 70 percent are women.

3. Beneficiaries (contraceptive users)
Since all three methods promoted by the social marketing program are directed to women, 100 percent of users are women. The Project plans to introduce male condoms into the program in the third year.

4. Communication
The Project communication strategy includes messages for couples, women and men. Through research, the implementing agency has identified the need to address individual issues for men and women, in order to change their particular negative attitudes towards modern contraceptive methods.

D. Problems and Delays

Due to security restrictions technical advisors could not travel to Peru with the required frequency.

The country economic recession caused financial problems to private businesses. Therefore, many of them cannot afford to invest in family planning services for their workers, which is the main objective of the Commercial Services Component of this project. This is reflected in a minimum level of sales of PREVIRED.

According to their latest estimates, it appears that APROPO will not be able to meet its cash counterpart contribution because levels of income generated are based on sales levels. Sales projections are low expected levels.

Due to financial difficulties, laboratories have been delaying the payment of their contribution to APROPO, causing some cash-flow problems.

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

Financial Management and Counterpart Contribution:

- APROPO has to improve their estimates of cash needs, cash flow management and prioritization of expenditures. Technical assistance will be provided by the Project Manager and the Controller Office. An assessment will be made to decide if

a project amendment is necessary to reduce the amount of the counterpart contribution.

Social Marketing Component:

- Revise marketing and publicity strategies to increase sales by 10%.
- Expand promotion and training activities to smaller urban and semi-urban areas around the country.

Communication Component:

- Conduct fourth evaluation survey and revise messages.
- Expand radio campaign (educational messages) introducing local cultural differences by region, including local languages. It will start in Cusco with radio messages in Quechua.

External Evaluation:

- Project Manager will process PIO/T and select external consultants to conduct mid-term evaluation by the end of January, 1994.

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11/30/93

IA. BACKGROUND DATA

Project Title:	PRIVATE VOLUNTARY ORGANIZATION FAMILY PLANNING SERVICE EXPANSION			
Project Number:	527-0335			
Date of Authorization:	original	09/22/89	amendment	08/30/90
Date of Obligation:	original	09/22/89	amendment	08/31/93
PACD:	original	09/21/90	amendment	02/28/94

Implementing Agencies: Asociacion Benefica PRISMA
Major Contractors: N/A
AID Project Manager: Susan Brems
Status of CPs/Covenants: Cooperative Agreement - All provisions on track
Date of Last Evaluation: April 1993.
Planned Number of Non-Federal Audits during Fiscal Year: 1
The Number of such Audits Contracted for/Completed:
Date of Last Audit: 12/31/92 Next Audit: 12/31/93

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	original	$ 11,800,000 amended to $ 12,270,000 (Includes $1,793,000 OYB to AID/W for contraceptives)
Amount Obligated:	DA/ESF Grant:	original	$ 11,800,000 amended to $ 10,477,000 (Amount of Cooperative Agreement with PRISMA)
Amount Committed:	Period:		$ 552,313
	Cumulative:		$ 7,731,066
Accrued Expenditures:	Period - Projected:		$ 1,550,000
	Period - Actual:		$ 1,603,291
	Cumulative:		$ 7,483,532
	Period - Next:		$ 2,200,000
Counterpart Contribution:	Planned:		$ N/A
	Actual:		$ N/A
% LOP Elapsed:			90.74%
% of Total Auth. Oblig.			88.78%
% of Total Oblig. Exp.			71.42%
% of Total Auth. Exp.			63.41%

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

This Project supports strategic objective No. 3: Improved health status through access to quality primary health care. Family planning saves lives: a powerful and persistent relationship exists between birth spacing and maternal and child survival. Family planning services are, therefore, an essential part of primary health care. As such, improved quality and coverage of family planning services contribute to improved health status by enhancing access to quality primary health care. Most PVOs offer family planning services within an integrated health program, which also contributes to health in other ways.

Percent of LOP Funds Related to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

To maximize the availability of all family planning methods to women and men who wish to use them by increasing the capacity of the private voluntary sector to deliver long-lasting contraceptive methods, while maintaining support for temporary supply methods and natural family planning.

III. PROJECT DESCRIPTION

This four-year Project provides technical and financial resources through a Cooperative Agreement, with Proyectos en Informatica, Salud, Medicina y Agricultura (PRISMA) as implementing agency, to help seven PVOs[2] expand services to provide quality family planning services. The overall objectives are to: 1) improve institutional capacity in participating PVOs; 2) improve the availability of long-lasting contraceptive methods; 3) maintain support for temporary supply methods and natural family planning; and 4) enhance rural family planning coverage through PVO/public sector collaboration.

IV. PROJECT STATUS

The Project has completed four years of implementation activities. Two of the four objectives have achieved notable success: improvement of availability of long-

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[2]

Participating Agencies	Services funded under this Project	Locations
APROSAMI, ATLF, CENPROF, INPPARES, PLANFAMI, PLANIFAM, PROFAMILIA	Family planning, including voluntary surgical contraception and NORPLANT; reproductive health, including natural family planning and childbirth; gynecology; general medicine; pediatrics; laboratory services; and sonography.	Lima, Callao, Trujillo, Puno, Cusco and Huancayo

lasting methods, and maintenance of temporary-supply and natural methods. A third objective-improved institutional capability in participating PVOs -- has had varying success; and the fourth, enhanced rural coverage, has had limited success.

An outstanding accomplishment of this Project is the efficient and effective manner in which it has consolidated the logistics and control of all USAID-donated contraceptive supplies for the public and private sectors, clearing them through customs, warehousing, and distributing them (See item 1.5 and C.3 & 4 of this section). Secondly, the Project successfully undertook the management of the Second Peruvian Demographic and Health Survey (DHS). This was of great value to the Mission because Peru was under sanctions at the time, which meant that no funds could be channeled to the government. The DHS is of critical importance to the Mission because it is the major vehicle for measuring impact of health and population projects. If the survey had not been done on schedule (i.e., at a 5-year interval), Mission ability to show impact, now and for future projects, would have been seriously affected. Further, DHS surveys are being done in dozens of A.I.D. assisted countries, and Peru's participation in a timely fashion was necessary.

Aside from these Project successes, the PVOs continue to need technical and financial assistance. The difficulty they have experienced in generating income, a centerpiece of this Project, raises serious questions about their prospects for self-sufficiency unless an investment is made to capitalize them, in order to enhance their prospects for self-sufficiency upon termination of USAID funding. In view of these issues and the selection of Peru as a R&D/POP Priority Country, future funding and self-sufficiency of this sector will require careful analysis of the role of PVOs in service delivery of family planning.

The Project has just been extended for five months beyond the original PACD of September 30, 1993, to permit new officers to familiarize themselves with: the recent evaluation, the PVOs, the dynamic Peruvian situation, and to analyze how this Project relates to a possible new one on Quality of Care scheduled for FY 95. The mixture of notable success on one hand and modest or little success on the other, results in a B rating for this Project. Following is an account of end of Project status for the various elements:

A. End of Project Status (EOPS)

	Planned EOPS	Progress To Date
1.	Improved administrative systems	a) Design and implementation of a Management Information System (PF Control) to track project including: project accounts, statistics and logistics. All PVOs utilize this MIS except INPPARES. INPPARES is now installing the statistics module. b) Design, preparation and training in project administration and accounts, service statistics, logistic handling, and supervision. The manuals on these subjects are updated annually. c) Technical assistance in development of strategic and annual operational plans and budgets. d) Training in administration, financial management, strategic planning, computer use and related topics. (9 courses attended by 267 participants, representing all PVOs).
2.	Improved cost-effectiveness of service delivery	a) Cost and market studies done to assist PVOs to become more cost-effective. b) PVOs have experimented with fee-sharing with physicians to avoid the additional 27% on salaries charged for social benefits of those on payroll. Fee-sharing has resulted in doctors seeing more patients and working longer hours to attend those requiring services. c) Service delivery personnel were made responsible for their own transportation to clinics and posts, thereby realizing a saving on transportation costs. d) Targets established to reduce unit costs for service delivery of long-lasting methods have been met by 4 of 6 agencies.

3.	Enhanced financial self-sufficiency	a) Income generated from fees for service has increased to a current 25-30% of total operational budgets. b) PVOs participated in a price committee to standardize prices among the PVOs and test price elasticity. c) Investment plans to generate income developed by each PVO, utilizing market plan studies and technical assistance on strategic planning. d) PRISMA is studying possibility of the PVOs' serving as distributors for APROPO's Commercial Social Marketing (CSM) condoms for income generation. e) The training program (18 courses, attended by 359 service personnel from all agencies) and supervision by PRISMA have emphasized quality of care and user perspective in order to attract more clients to services.
4.	Improved availability of long lasting contraceptive methods[3]	a) Subsidies to the community based distribution (CBD) component, terminated as dictated by project design. b) In order to achieve the emphasis on long-lasting methods, the PVOs consolidated posts and established community clinics capable of offering clinical methods. c) Method mix for service delivery modified to concentrate on long-lasting methods, with care to ensure the availability of an array of methods. d) Training on counseling for long-lasting methods, especially for VSC, has been taken by 86 service delivery personnel, including physicians, nurses, midwives and promoters.
5.	Strengthened logistic management to maintain support for temporary supply methods and continue assistance for natural family planning	a) PRISMA assigned the task of clearing customs, warehousing and distributing all USAID-donated contraceptive supplies for public and private sectors. They have established procedures and controls to carry out this task effectively. b) Under PRISMA's direction, two national contraceptive inventories have been conducted. The third inventory, now underway, includes equipment. These inventories permit savings by reducing waste and leaks, assessing stock to rationalize ordering and ensuring orderly and timely distribution of supplies. c) IPPF provided software and training for PRISMA in the use of the TecApro logistic module. This has greatly enhanced PRISMA's tracking capability for contraceptive supplies. d) Financial support and technical assistance has continued to ATLF, the agency offering natural family planning (NFP) services. ATLF conducted a workshop on NFP for other PVOs that was well received.
6.	Enhanced rural family planning coverage thru PVO/Public Sector collaboration	a) Only two PVOs now offer services in rural areas. Budgetary limitations of the Project and insufficient income generation prohibit the others from it. PLANIFAM/Cusco has one rural clinic in a public facility and holds "ferias" on weekends and holidays, when rural people gather for social and commercial purposes. PLANFAMI/Puno provides coverage in rural areas in the form of itinerant visits to community events, where it offers family planning information and services.

B. Major Outputs

	Planned				Accomplished		
	LOP	Period Increase	Cum.	Next Period	Period	Cum.	% of LOP

[3] Long-lasting methods: Intrauterine Device (IUD), VSC, NORPLANT

1.	Use of installed capacity (consultations rendered in accordance with MoH norms for service delivery)	85%	2%	78%	4%	4%	82%	96%
2.	Increases in long-lasting methods	10%/yr	5%	31.5%	0%	55.5%	87%	116%
3.	Pub./priv. sector collaboration in 50 hospitals/ centers	50	10	15	0	8	14	28%
4.	Training	N/A						

C. Other Accomplishments and Overall Status

1. An evaluation team was fielded by the PROFIT Project during April 19 - May 7, 1993. The major findings of the evaluation were that PRISMA had undertaken appropriate activities to accomplish the goals of the Project, but that advances in institutional capability and strengthening varied considerably among agencies. Further, none of the PVOs are institutionally or financially self-sufficient; they range from those with total dependence and low prospects of survival without financial support, to those with reasonably good prospects in the foreseeable future, if provided with additional technical and financial assistance.

   The team recommended a two year extension to continue the institution building efforts and a capitalization budget for those PVOs that were judged capable of becoming self-sufficient as a result of this assistance.

2. A five-month, ($470,000), extension to February 28, 1994, will allow the Mission to review what assistance to provide to which hopeful PVOs. Mission will continue to support those PVOs and will extend project till FY 95 to make PVO sector fit in with projected new FY 95 population project start. The existing Project has purchased all contraceptives for USAID population programs so extension will allow delivery of paid for supplies.

3. In October/November 1991, leaks and sales of donated contraceptives supplies appeared on the informal and commercial markets. PRISMA stopped distribution to the three PVOs involved. A Logistics Audit was conducted. The audit detected deficiencies in the control systems within the PVOs, often via CBD programs.

   PRISMA has since been working with the PVOs to implement the recommendations of the audit and has developed a sub-agreement that carefully outlines proper use of and controls required for donated supplies. Additionally, ad-hoc inventories and supervision visits are conducted.

   A law suite, initiated by the pharmaceutical industry against INPPARES, the agency involved in commercial sales, is still pending. The Mission may be summonsed to report on USAID rules and restrictions for donated supplies.

   As a result of the contraceptive sales problem, joint meetings were held between USAID, IPPF/WHR, and PRISMA. Since then, the collaborative relationship between IPPF and PRISMA has improved greatly. The result has been IPPF's request for PRISMA to provide additional technical assistance to INPPARES.

4. PRISMA assumed responsibility for contraceptive supplies for projects they fund. Previously, Pathfinder imported, cleared and warehoused A.I.D.-provided contraceptives. This agreement completes the consolidation of USAID provided contraceptives, providing better controls and reducing possible losses from expiration and leaks to informal markets.

5. The 1991 Demographic and Health Survey (DHS) was carried out under this Project, since at the time, sanctions prohibited assistance to GOP agencies. PRISMA assumed the administration of the survey, coordinating efforts with the Peruvian Statistical Institute (INEI) and the U.S. technical agency (Macro International). The realization of the DHS is particularly notable due to the extraordinarily large sample (15,882 women, permitting regionalization of data), a late start due to procedural questions imposed by the sanctions vis-a-vis INEI's involvement, rainy season existing in the sierra at the time the interviews were conducted, and inclusion of emergency zones not included in the 1986 DHS. This survey represents an important source of information for USAID's health, population and nutrition programs-- both to assess progress and as a tool to design new projects.

6. The PVFP Project promotes women's development by informing and providing women with options to regulate their fertility. Further, women have been given preference for job placement within PRISMA, in contracting actions and in training. For example, 908 women and 235 men have participated in training programs held by PRISMA.

7. What started out as a one-time family planning promotional event, "Feria de Planificación Familiar", in which PVOs, MoH, IPSS and APROPO participated has become standard operating procedure for most PVOs. These ad-hoc itinerant events permit PVOs to offer information and services to large numbers of people at community gatherings in hours most convenient to users, such as Sundays and holidays.

8. Shortly after his inauguration, President Alberto Fujimori declared 1990 the "Year of Austerity and Family Planning". That same year, the IPPF prize for Population was awarded to him at the II Family Planning Congress, sponsored by INPPARES. PRISMA provided financial and logistical support for this and all subsequent congresses.

   In 1992, Peru was cited by the International Population Crisis Committee as one of five countries worldwide that had achieved the most significant progress in population. Aside from the improved population profile, President Fujimori's overt support in this area was given as the reason for this citation. Peru was the only Latin American country thus recognized.

   These events are obviously not a direct result of this Project. However, it is important that they be recorded as testimony to USAID/Peru's success as the major donor in population programs in Peru throughout the years. Also, PVOs funded by the Mission or other AID/W cooperating agencies, have been long-standing contributors to efforts to improve the accessibility of family planning services for Peruvian couples.

D. Problems and Delays

1. The capability of PVOs to generate income and, consequently, their ability to become self-sufficient and deliver services in rural areas require careful review during the extension period. Rural areas are the most under-served areas of the country and present dramatic statistical differences compared with urban areas, especially Lima/Callao and Arequipa. Service delivery in rural areas has scant possibilities of being self-sufficient, and thus far PVOs have not been able to produce the income to finance it, moreover, the Project budget was insufficient to cover its costs. Therefore, a decision must be made regarding the PVO role in serving this population and funds provided if they are tasked with this responsibility.

2. The deteriorated condition of PVO equipment continues to be a problem. Due to years of use and loss, quantities are insufficient to attend patients and quality often does not meet optimum medical standards.

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

1. As indicated by the evaluation team, the PVOs have benefitted from the technical assistance provided by the Project. However, due to their disparate administrative, financial, and technical levels at the initiation of the project, they have not developed completely or evenly. Therefore, additional technical assistance and support are required if the decision is made that the PVOs have a role in USAID-supported family planning service delivery for the future.

   Also, since Peru is among the 20 priority countries of R&D/POP, the issue of self-sufficiency of the PVOs must be revisited, based on more current analysis of funds available for population activities in Peru and the prevailing economic situation. Within this is the issue of whether PVOs should be capitalized, to enhance their possibility of becoming self-sufficient.

2. The PVFP Project component in contraceptive handling has clear merit for continuation. Since PRISMA assumed the responsibility for contraceptive supplies, virtually no supplies have had to be destroyed due to expiration. Effort continues to stop leakages into informal markets, making the establishment of a viable social and commercial market possible.

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11/10/93

PROJECT STATUS REPORT A ___ B X C __

April 1, 1993 - September 30, 1993

IA. BACKGROUND DATA

Project Title: PROJECT 2000
Project Number: 527-0366
Date of Authorization: 09/30/93
Date of Obligation: 09/30/93
PACD: 09/30/2000
Implementing Agencies: Ministry of Health
Major Contractors: An Institutional Contractor to be identified
AID Project Manager: Susan Brems
Status of CPs/Covenants: On track
Date of Last Evaluation: N/A Next evaluation: 9/30/95
Planned Number of Non-Federal Audits during Fiscal Year: None
The Number of such Audits Contracted for/Completed: None
Date of Last Audit: New Grant Next audit: 12/31/94

IB. FINANCIAL DATA

Amount Authorized:	DA/ESF Grant:	$30,000,000	
Amount Obligated:	DA/ESF Grant:	$ 7,915,151	
Amount Committed:	Period:		$ 000,000
	Cumulative:		$ 000,000
Accrued Expenditures:	Period - Projected:		$ 000,000
	Period - Actual:		$ 000,000
	Cumulative:		$ 000,000
	Period - Next:		---
Counterpart Contribution:	Planned:		$ 30,000,000
	Actual:		$ None to date
% LOP Elapsed:		0%	
% of Total Auth. Oblig.		26%	
% of Total Oblig. Exp.		0%	
% of Total Auth. Exp.		0%	

IIA. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

Specific Linkage to Strategic Objectives:

Project 2000 supports Strategic Objective No.3, "Improved health status through access to quality primary health care." The Project contributes to the objective by strengthening public sector health and nutrition programs aimed at young children and women and by promoting sectoral reforms.

Percent of LOP Funds Related to Strategic Objectives: 100%

IIB. PROJECT PURPOSE

To increase utilization of priority child and maternal health interventions.

III. PROJECT DESCRIPTION

The Project seeks to increase an appropriate use of child and maternal health interventions while, through community-based preventive activities, it decreases the need for curative care, thus contributing to a greater efficiency in facility-based services. The Project also addresses issues of sustainability, maintaining that higher levels of appropriate utilization can be achieved only if services become more available, accessible and acceptable. This higher level of utilization will in turn contribute to sustainability by generating greater income.

The Project supports three major components: 1) strengthening child and maternal health services; 2) initiatives for efficient management; and 3) health care financing. The second and third components are enabling components that will promote sustainability of child and maternal health services. They will do this largely through a more rational allocation of health resources that derives from government health priorities, more efficient use of resources, decentralization and enhanced cost recovery. The first component also contributes to sustainability by institutionalizing training capabilities, strengthening cost-effective promotive practices in the community and addressing quality of care issues, among other ways.

Substantively, the Project will focus on interventions in maternal and perinatal health, including family planning; acute respiratory illness, especially pneumonia; breastfeeding and young child nutrition; vaccine-preventable disease; and diarrheal diseases. The first three service areas are relatively new thrusts in A.I.D. support, while the latter two represent a

second phase of A.I.D. support that centers on full institutionalization of government capability in these areas, thus promoting sustainability.

The Project will be implemented through an Institutional Contractor that will be selected through competitive bidding. The Institutional Contractor will provide six long-term technical advisors; some 100 person-months of technical assistance; training; pilot activities in management; field studies, surveys and operations research; an information, education and communications program; commodities; and overall logistics and support.

At the end of the Project, a greater proportion of children will survive infancy; the quality of that survivorship will be enhanced in the first years of life, which are so critical to long-term health and nutrition; a greater proportion of women will achieve their reproductive intentions in the number and timing of the children they bear without recourse to abortion; they will also bear them more safely, thus contributing to their own health as well as that of infants; and the GOP will be better able to continue these improvements without over-reliance on donor funding.

IV. PROJECT STATUS

The Project was authorized and obligated on schedule, with the Project Agreement duly signed, the conditions leading to the signing of the grant agreement having been met. Among the points of agreement was the establishment of an Interagency Advisory Committee on Health Management and Financing, a committee that will be composed of representatives of the GOP and the major donors in the health sector, *i.e.*, A.I.D., the World Bank and the IDB. This Committee, which will be presided over by the Minister of Health, will advise on possible reforms in management and financing, with a view towards enhancing the sustainability of programs beyond Project life.

The two other major donors in health, the World Bank and the IDB, are also embarking on new health projects in the coming year. The World Bank's Basic Health and Nutrition Project ($34 million loan plus $8 million counterpart), also signed up in September, will support maternal-child health and nutrition services and promote preventive care and education in four regions. The IDB's Strengthening Health Services Program ($68 million loan, $20 million from the Government of Japan and $10 million counterpart) will support a series of institutional and preinvestment studies; strengthen the normative role of the MoH at the central level, while redesigning and transferring the administrative subsystems to a decentralized level; and furnish direct support to local health delivery networks.

These considerable inputs will complement ones provided under Project 2000: The studies will enhance the work of the Interagency Advisory Committee, furthering the agenda of reform by providing empirical data to inform and support recommendations; the decentralization of subsystems will promote institutionalization of child survival services at the local level, while consolidating an appropriate role for the central MoH in establishing overarching norms and policies; and the support to local health services will further programmatic institutionalization through training and supplies.

Organizationally, A.I.D.'s comparative advantage lies in its hands-on, in-country presence, both at the Mission level and in technical skills within the HPN Office. This will allow A.I.D. to monitor Project 2000 carefully, ensuring complementarity with other donors and making any mid-course corrections necessary. Conceptually, the similarities among the projects are further testimony that these indeed are the major health issues in Peru. In broad strokes, Project 2000 can be considered more of a pilot project in the areas of management and financing. Its successes might then be picked up by the larger IDB project for replication. The support that all three projects will give to health service delivery presents a unique opportunity for the GOP to make much more than mere marginal improvements in health services and in the health and nutrition status of its citizens. For the donors, the three projects present an excellent opportunity for coordination in field activities and in policy leverage at the central level, both of which have already begun.

A. EOPS

	Planned EOPS1/	Progress to Date
1.	The proportion of pregnant women receiving prenatal care will increase from 68% in 1991-92 to 80%.	N/A
2.	The proportion of births attended by qualified personnel will increase from 52% in 1991-92 to 67%.	N/A

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3.	Total contraceptive prevalence will increase from 59% in 1991-92 to 67%.	N/A
4.	The proportion of children under 5 with pneumonia who receive care at a health facility will increase from 48% in 1991-92 to 67%.	N/A
5.	The proportion of children aged 6-9 months who receive two portions of appropriate weaning foods in addition to breastmilk will increase from 62% in 1991-92 to 75%.	N/A
6.	Coverage of women of fertile age with 2 doses of tetanus toxoid will increase in high-risk areas from 20% in 1991-92 to 60%.	N/A
7.	In at least one local health unit, a model for monitoring and evaluation for decision-making according to each level (health post, health center, UBAS, and UTES) will be implemented and evaluated.	N/A
8.	In at least one local health unit, a supervision system (that includes a subsystem of monitoring and quality control) of MoH health facilities, especially health centers and health posts, will be implemented and evaluated.	N/A
9.	200 health centers and health posts will have basic repairs done.	N/A
10.	Annual workplans will be designed and budgets developed at sub-national and lower levels.	N/A
11.	A revised cost accounting system will be used to report expenditures.	N/A
12.	75% of ambulatory services will be provided at health centers and posts, increased from 62% in 1991.	N/A
13.	More than 55% of MoH services will be in maternal and child health, increased from 48% in 1990.	N/A
14.	A increased percentage of MoH spending of GOP (including PL-480) funds will be in the neediest 25% of departments.	N/A
15.	Increased amounts of GOP funds will be spent by MoH for health centers and posts.	N/A
16.	A national fee collection system will be designed, implemented, and functioning, collecting S/. 66 million or more, compared to S/. 33 million in 1993.	N/A

1/ Major EOPps only, since the entire Project encompasses 28 EOPs.

B. Major Outputs2/

	Planned LOP	Period	Accomplished
1.	40% of health facilities will have personnel trained to provide appropriate prenatal care in 1996, and 60% in 2000.	N/A	N/A
2.	33% of hospitals and health centers will have trained personnel for obstetric emergencies in 1996, and 67% in 2000.	N/A	N/A
3.	33% of hospitals and health centers will have personnel trained in family planning counselling in 1996, and 67% in 2000.	N/A	N/A
4.	67% of ARI cases seen in health facilities will receive appropriate case management.	N/A	N/A
5.	40% of mothers will recognize signs of pneumonia in 1996, 67% in 2000.	N/A	N/A
6.	67% of health facilities will receive at least 3 supervisory visits per year to monitor quality of care.	N/A	N/A

2/Illustrative, since the operational phase of the Project will not be under way during the next reporting period and the Project has some 50 quantifiable outputs.

C. Other Accomplishments and Overall Status

None to date.

D. Problems and Delays

No problems and delays with long-term implications have been experienced. Just before Project signing, however, a new Minister of Health was named. The Minister is now in the process of naming his new team; as a result, the Project Manager's counterpart in the MoH Office of Finance, Investment and External Cooperation has not been officially installed as of 10/29/93. This is expected within the coming weeks.

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

The top priority for the next six months is to prepare the request for proposals for the Institutional Contractor. This should be released to the public by the end of January 1994, with the procurement let well before the end of the fiscal year. A second activity is to identify contractors to carry out the cost and demand studies, and to begin work on those studies. The cost study will allow the MoH to become more aware of the costs of producing different types of services, while the demand study will investigate differences in the coverage and utilization rates of each health subsector and geographic area. Both studies are necessary inputs for the design of the user fee system, a principal mechanism for cost recovery under the Project. Thirdly, a new PSC staff member will be recruited to coordinate the Project.

As soon as the new Minister of Health's team is in place, coordination meetings with MoH counterparts will begin to reach consensus on basic Project design and implementation issues, such as identification of pilot areas, staging of inputs and donor coordination. Initial steps will also be taken to set up and hold the first meeting(s) of the Interagency Advisory Committee on Health Management and Financing.

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