

## Data Sheet

<b>USAID Mission:</b>	Peru
<b>Program Title:</b>	Economic Growth
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	527-010
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$2,935,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$6,358,000 DA
<b>Year of Initial Obligation:</b>	2002
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** USAID will facilitate trade and investment through policy reforms and institutional strengthening; will enhance competitiveness through improved economic infrastructure and business development services; and will enhance food security of vulnerable populations through expanding access to microfinance services, increasing agricultural productivity, and building capacity of the Government of Peru (GOP) to provide essential services to the extremely poor.

To the extent that programs are implemented in Peru's major coca-growing areas in support of counternarcotics objectives, public-private partnerships, market access and financial services activities will also be financed by Andean Counterdrug Initiative (ACI) funds referenced in the Alternative Development Data Sheet (527-013).

### **Inputs, Outputs, Activities:**

**FY 2005 Program:** Increase Participation in Global Trade and Investment (\$2,560,000 DA). USAID will support a public dialogue among various organizations, e.g., government, press, labor unions, universities, farmer and domestic industry associations, and a public outreach campaign on the benefits associated with the effective negotiation and implementation of a Free Trade Agreement (FTA) with the United States. USAID will also provide training and technical assistance in the highest priority areas identified as barriers to trade and investment. Assistance will be directed to improve the regulatory environment in areas such as property rights, customs, small business regulation, e-government, labor laws, and competition policy. Funds will also be used to improve the regulatory environment for infrastructure concessions, e.g., ports, roads, and telecommunications, and improve competitiveness. The prime contractor is Nathan Associates.

Expand and Improve Access to Economic and Social Infrastructure (\$1,000,000 DA). Funds will be used to provide technical assistance to promote and facilitate private investment and public-private partnerships for major road infrastructure. The prime contractor is Chemonics International.

Increase Private Sector Growth (\$200,000 DA). USAID funded economic service centers will provide market information, as well as information related to financial and transport services; facilitate commercial contacts between buyers and local producers; and identify companies willing to invest capital in local enterprises. In addition, USAID will identify markets for local products and then link entrepreneurs and producers to organizations that help improve productivity and competitiveness in the marketplace. The prime contractor is Chemonics International.

Strengthen Financial Sector's Contribution to Economic Growth (\$200,000 DA). A pledge to support an equity fund registered by Small Enterprise Assistance Funds (SEAF), targeting small and medium enterprises, will be executed. Investments of the fund will be accompanied by tailored technical assistance to improve profits. Companies creating licit economic opportunities in Peru's coca producing regions will be given priority.

Increase Food Security of Vulnerable Populations. P.L. 480 activities will improve health and productive capacities of poor families that lack access to adequate food. Basic health, nutrition, and food assistance interventions will be targeted at malnourished and at-risk children. Food-for-work activities will help communities improve their social and productive infrastructure (such as safe water and sanitation systems, reforestation, and small irrigation systems). Proceeds from the sale of food will be used to help food insecure families increase their food production and incomes through assistance to improve productivity and market linkages. Finally, funds will also be used to support the decentralization of Government of Peru food security programs, while increasing program effectiveness. Major contractors/grantees include: Adventist Development and Relief Agency (ADRA) and CARE, as well as local NGOs, Caritas and PRISMA.

**FY 2006 Program:** Increase Participation in Global Trade and Investment (\$3,300,000 DA). USAID plans to continue activities to enhance the contribution of international trade and investment to economic growth, development and poverty reduction. Policy reform, strengthening institutional capacity, and meeting regulatory and market-driven trade and investment standards will be implemented with an emphasis on those areas identified during negotiations of the FTA. Major contractors/grantees will include those outlined above.

Expand and Improve Access to Economic and Social Infrastructure (\$1,000,000 DA). USAID plans to continue supporting public-private partnerships for key economic infrastructure. Major contractors/grantees are the same as above.

Increase Private Sector Growth (\$1,458,000 DA). USAID plans to continue the economic service center activity described above, with an emphasis in Peru's coca-growing regions. In addition, a business development services activity established in FY 2004 and implemented by the Consortium of Organizations that Support Small and Micro Enterprises (COPEME) will be financed to continue to expand markets for micro and small businesses. Improved information systems, quality control and management, and enhanced brokering services will enable micro and small businesses to take advantage of subcontracting and government procurement opportunities. Major contractors/grantees are Chemonics and COPEME.

Strengthen Financial Sector's Contribution to Economic Growth (\$600,000 DA). USAID plans to continue supporting the equity fund registered by Small Enterprise Assistant Funds (SEAF).

Increase Food Security of Vulnerable Populations. USAID plans to continue P.L. 480-funded activities as described above, consistent with an approved plan to phase out Title II assistance to Peru by 2008. Major contractors/grantees are the same as above.

**Performance and Results:** During 2004 USAID improved the regulatory environment for ports operation and facilitated business registration. Assistance in preparing the GOP for negotiating the FTA, creating an environment which builds consensus for the agreement and which emphasizes the need for open markets and investment has been provided. USAID-assisted micro-entrepreneurs, and small producers generated \$32.6 million in new sales and near 18,000 full-time equivalent jobs (45% were for women) through new or expanded market opportunities. USAID-supported microfinance institutions provided financial services to nearly 204,000 poor people. USAID's P.L. 480 Title II Program benefited over 145,800 families, with approximately 170,400 children enrolled in feeding programs and their mothers receiving training in preventive health practices. The program also provided access to sanitary health infrastructure services to 15,200 families, and temporary employment for 35,000 people.

Through FY 2007, USAID expects to contribute to the generation of 89,000 full-time equivalent jobs, increased sales of \$146 million, and provision of financial services to 245,000 small-scale producers/micro-entrepreneurs. With USAID assistance, Peru will be a more attractive destination for investment and increase its trade levels, based on the completion of a free trade agreement with the United States and participation in FTAA. In addition to positive economic

growth and job creation at a national level and within selected regions, USAID expects poverty and chronic malnutrition rates to be reduced by 10%.

## US Financing in Thousands of Dollars

Peru

527-010 Economic Growth	DA	DCA	PL 480
<b>Through September 30, 2003</b>			
Obligations	13,182	58	0
Expenditures	5,627	0	0
Unliquidated	7,555	58	0
<b>Fiscal Year 2004</b>			
Obligations	5,754	16	10,125
Expenditures	7,033	25	0
<b>Through September 30, 2004</b>			
Obligations	18,936	74	10,125
Expenditures	12,660	25	0
Unliquidated	6,276	49	10,125
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	0
<b>Planned Fiscal Year 2005 NOA</b>			
Obligations	2,935	0	0
<b>Total Planned Fiscal Year 2005</b>			
Obligations	2,935	0	0
<b>Proposed Fiscal Year 2006 NOA</b>			
Obligations	6,358	0	0
Future Obligations	10,697	0	53,047
Est. Total Cost	38,926	74	63,172