

## 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>Proposed FY 2004 Obligation:</b>	\$6,420,000 DA; \$10,125,000 PL 480
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$4,103,000 DA; \$21,100,000 PL 480
<b>Year of Initial Obligation:</b>	FY 2002
<b>Year of Final Obligation:</b>	FY 2007

**Summary:** USAID will facilitate trade and investment through policy reforms and institutional strengthening; improve access to markets; increase the availability of microfinance services for small producers and micro-entrepreneurs; and improve the nutrition, as well as the productive and social capacity, of the extremely poor.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Policy reforms/institutional strengthening (\$4,020,000 DA). USAID will support policy and institutional reforms to facilitate trade and investment, specifically to allow Peru to take full advantage of the Andean Trade Promotion and Drug Eradication Act (ATPDEA), facilitate a Free Trade Agreement with the United States, and prepare for accession to the Free Trade Area of the Americas (FTAA). USAID will provide training and technical assistance in areas such as capital markets/pension funds, small business regulation, e-government, labor laws, World Trade Organization (WTO) compliance, and competition policy. Funds will also be used to improve regulations and promote private investment and public-private partnerships for major infrastructure (e.g., ports, roads, and telecommunications). 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 and adjustments associated with free trade. The major contractors are Nathan Associates and Chemonics International.

Market access (\$1,000,000 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/producers to organizations that provide services to improve productivity and competitiveness in the marketplace. The prime contractor is Chemonics International.

Financial services (\$1,400,000 DA). USAID will fund technical assistance to ten microfinance institutions related to strategic planning, market research, credit technology, incentives and salary structure, internal control systems, and impact assessment. In addition, Development Credit Authority loan guarantees will be used to expand the outreach of financial services for micro, small, and medium businesses through commercial banks. Major contractors/grantees include the Consortium of Organizations that Support Small and Micro Enterprises, USAID's prime partner, and Chemonics International.

P.L. 480 Title II food assistance. Activities will improve health and productive capacities of poor, food-insecure families who lack access to adequate food to participate in economic and social life. Basic health, nutrition, and food assistance interventions will be targeted to 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). Monetization proceeds will be used to help food-insecure families increase their food production and cash incomes through assistance to improve productivity and market linkages. Finally, funds will also be used to reform

government procurement systems and improve the targeting of Government of Peru resources for social programs. Major contractors/grantees include USAID's prime grantees, the Adventist Development and Relief Agency (ADRA) and CARE, as well as local NGOs, Caritas, and PRISMA.

To the extent that work is carried out 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 ACI funds referenced in the Alternative Development Data Sheet (527-013).

**FY 2005 Program:**

Policy reforms/institutional strengthening (\$3,300,000 DA). USAID plans to continue supporting policy reform, public-private partnerships for infrastructure, and public outreach to develop support for free-market policies. Major contractors/grantees are the same as above.

Market access (\$500,000 DA). USAID plans to continue the activities described above, with an emphasis in Peru's coca-growing regions. Major contractors/grantees are the same as above.

Financial services (\$303,000 DA). USAID may continue strengthening microfinance institutions through technical assistance and training. Activities may expand to include capital support funding from commercial banks and other financial mechanisms available through the Development Credit Authority. Major contractors/grantees are the same as above.

P.L. 480 Title II food assistance. 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.

To the extent that work is carried out 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 ACI funds referenced in the Alternative Development Data Sheet (527-013).

**Performance and Results:** During 2003 USAID supported the Ministry of Trade and the private sector in the preparation of the Peru's Strategic Plan for the FTAA's Hemispheric Cooperation Program. USAID-assisted micro-entrepreneurs, and small producers generated \$22.2 million in new sales and the equivalent of over 12,600 full-time equivalent jobs (45% were for women) through new or expanded market opportunities. As of June 2003, USAID-supported microfinance institutions provided financial services to nearly 158,000 poor people. USAID also provided Development Credit Authority funding to develop a new guarantee credit program through three Peruvian Rural Savings and Loans banks that will provide up to \$12 million in loans to finance agricultural production promoted by USAID.

USAID's P.L. 480, Title II Food for Peace Program benefited over 43,500 families, with approximately 143,600 children enrolled in feeding programs and their mothers receiving training in preventive health practices. In addition, 7,880 families benefited from improved access to sanitary health infrastructure services.

Through FY 2007, USAID expects to contribute to the generation of 45,000 full-time equivalent jobs, increased sales of \$140 million, and provision of financial services to 180,000 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 U.S. 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
<b>Through September 30, 2002</b>		
Obligations	5,862	58
Expenditures	1,158	0
Unliquidated	4,704	58
<b>Fiscal Year 2003</b>		
Obligations	7,320	0
Expenditures	4,469	58
<b>Through September 30, 2003</b>		
Obligations	13,182	58
Expenditures	5,627	58
Unliquidated	7,555	0
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2004 NOA</b>		
Obligations	6,420	0
<b>Total Planned Fiscal Year 2004</b>		
Obligations	6,420	0
<b>Proposed Fiscal Year 2005 NOA</b>		
Obligations	4,103	0
Future Obligations	0	0
Est. Total Cost	23,705	58