

Peru

The Development Challenge: Throughout the 1990s, Peru made significant progress in combating terrorism, reducing the production of coca, stabilizing its economy, and increasing access to social services. However, the government of President Fujimori collapsed in November 2000 under the weight of a decade of increasingly authoritarian rule, discredited elections, revelations of rampant corruption, and an economic downturn. A transitional government took measures to stabilize the political and social environment in Peru, culminating with elections of a new president, congress, and regional/local authorities. Since 2001, the Government of Peru has pursued an ambitious program to re-establish democracy and promote a market-based economy that will provide benefits to all of Peru's citizens.

The limited state presence in large portions of the country's interior challenges the Government's ability to ensure broad-based development for all Peruvians. With a current per capita gross domestic product (GDP) of about \$2,100, Peru has merely maintained its 1967 income level, in real terms. Income remains unevenly distributed, with approximately 54% of the population living below the poverty line, almost half of whom live in extreme poverty. The country's total debt servicing requirement is expected to represent 33% of exports in 2004; the Peruvian government finds it difficult to limit its fiscal deficit while still addressing the country's social needs. Unemployment and underemployment rates remain very high (approximately 9% and 50%, respectively). Social services, especially in isolated, conflict-prone regions in Peru's highlands and jungles, are inadequate (e.g., in USAID's geographic focus areas 36% of children under five are malnourished, 27% of women are illiterate, 50% of the population does not have access to electricity, and 69% does not have access to sanitation services). Peru's tropical forests are the fourth largest in the world, but they are increasingly threatened by shifting migration patterns, unsustainable exploitation of the forest, and the destructive impact of illicit coca production/processing. The lack of state presence allows drug trafficking, illegal logging, terrorism and other criminal practices to flourish, creating a corrupt, violent and conflictive environment that discourages investment, limits economic opportunities for the population, and prevents sustainable economic growth and development.

While Peru's economy out-performed the rest of Latin America (Peru experienced 5.2% GDP growth in 2002 and 4% projected in 2003), the Government of President Alejandro Toledo remains politically weak and social discontent prevails. To move forward, Peru must take full advantage of the recent extension and expansion of tariff-free entry of Peruvian products to the U.S. market under the Andean Trade Promotion and Drug Eradication Act (APTDEA), initiate and conclude negotiations of a free trade agreement with the United States, and prepare itself to participate in the Free Trade Area of the Americas (FTAA) to stimulate economic growth and reduce poverty levels. Likewise, Peru must successfully complete its decentralization process to facilitate the dispersion of economic activity and more representative and effective governance throughout the country; reform the justice system to ensure predictable and equitable application of criminal and commercial law; modify the tax system to introduce transparent and efficient mechanisms to raise revenues for investment in critical infrastructure and services; and comprehensively restructure government institutions to reduce corruption, control government expenses, and provide appropriate and effective services.

In the Toledo Administration, the U.S. Government has a partner that is committed to advancing the mutual national interests of building the infrastructure of democracy, promoting sustainable development, and defeating narco-terrorism. U.S. assistance can play a decisive role in addressing the obstacles of corruption and conflict where there is a lack of state presence and a lack of economic competitiveness.

The USAID Program: USAID works as an integral part of the U.S. Country Team in Peru and collaborates with Peruvian partners, other donors, non-governmental organizations, and the private sector to help Peru achieve a secure, democratic, and prosperous future for its citizens. USAID will facilitate both Peru's international and national integration, thereby contributing to the mutual U.S. and Peruvian goals of good governance, security, and prosperity. USAID's overarching goal in Peru is to create jobs and, within its manageable interests, improve the climate for trade and investment, both domestic and international. Expanded commerce will further integrate Peru into the world economy and enhance cross-border relations, helping to improve living standards and reduce the potential for conflict. Within Peru, effective

regional and local governments, along with improved economic infrastructure and social service delivery will increase national integration, reducing the potential for conflict associated with the marginalization of certain geographic areas and social groups.

The Data Sheets demonstrate how USAID will use FY 2004 and FY 2005 funding to provide: 1) national-level assistance related to policy reform and institutional strengthening; and 2) health, education, environment, infrastructure, business development, and governance activities in geographic areas that have been prone to conflict, and thus present obstacles to investment, economic growth and employment generation. These areas are: 1) the Peru-Ecuador border region, where USAID efforts will help ensure a lasting peace between the two countries; and 2) the seven departments that include Peru's major coca-growing valleys, where USAID and other U.S. agencies work to combat the flow of illicit narcotics to the United States and other markets to ensure that these areas are no longer a breeding ground for crime, terrorism, and social unrest.

Other Program Elements: In addition to resources requested in the attached Data Sheets, a range of USAID centrally-funded activities are implemented in Peru. In the democracy area, centrally-funded programs complement the bilateral program in strengthening regional mechanisms to promote human rights and rule of law, civil society, and educational reform. In the health sector, USAID/Washington-based activities support maternal and child care, nutrition, and malaria control. Central funds also support credit and small business development programs, as well as activities to alleviate the effects of poverty on women and children.

USAID also manages three South American sub-regional programs that involve Peru: 1) the Andean Region Trade Capacity Building program, which enhances capacity of the Andean Community as a partner in the negotiations leading to the creation of the Free Trade Area of the Americas (FTAA) and strengthens regional capacity to implement the rules of trade emerging from FTAA negotiations; 2) the Centers of Excellence for Teachers Training (CETT) in the Andean region, training teachers who work in disadvantaged communities to improve the quality of reading instruction; and 3) the Amazon Malaria initiative which is a malaria control program.

USAID's program in Peru includes activities that contribute to seven Presidential Initiatives: Anti-Illegal Logging, Global Climate Change, Digital Freedom and Water for the Poor, Clean Energy, Center for Excellence in Teacher Training (CETT), and HIV AIDS.

Other Donors: Official international technical cooperation to Peru for 2002 was over \$364 million, including both bilateral and multilateral assistance. The United States is the largest bilateral donor. Other donors include: Germany (in democracy, environment, education and health, economic growth and water and sanitation); Switzerland (in economic growth, natural resources and democracy); the United Kingdom (in democracy, economic growth and health); and Spain (in democracy, education and health). Major multilateral donors include the United Nations, the Inter-American Development Bank, the World Bank, the Andean Development Corporation, and the European Community. Absent an effective mechanism within the Government of Peru or donor community to broadly coordinate efforts, donors have relied on sectoral-level working groups to share information, conduct analysis, and collaborate on program design/implementation. Focus areas of these working groups include gender, basic education, governance/decentralization, counternarcotics, health, environment, and nutrition.

**Peru
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Andean Counterdrug Initiative	62,500	68,552	50,000	50,000
Child Survival and Health Programs Fund	23,666	19,912	17,282	13,037
Development Assistance	14,969	16,437	15,036	10,492
Development Credit Authority	131	557	0	0
Economic Support Fund	16,750	11,000	9,941	10,000
ESF - Wartime Supplemental	0	2,000	0	0
PL 480 Title II	37,035	26,678	10,125	21,100
Total Program Funds	155,051	145,136	102,384	104,629

STRATEGIC OBJECTIVE SUMMARY

527-003 Health and Family Planning				
ESF	0	0	0	0
ESF - Wartime Supplemental	0	2,000	0	0
527-006 Education				
DA	2,000	3,174	2,924	1,299
527-008 Peru-Ecuador Border Region Development				
ESF	2,250	3,000	1,988	2,000
527-009 Democratic Strengthening				
DA	2,322	2,141	1,632	1,565
ESF	14,500	8,000	7,953	8,000
527-010 Economic Growth				
DA	5,920	7,320	6,420	4,103
DCA	58	0	0	0
PL 480	37,035	26,678	10,125	21,100
527-011 Health				
CSH	23,666	19,912	17,282	13,037
527-012 Environment and Natural Resources				
DA	4,727	3,802	4,060	3,525
DCA	73	0	0	0
527-013 Alternative Development				
ACI	62,500	68,552	50,000	50,000
DCA	0	557	0	0

Mission Director,
Patricia Buckles

Data Sheet

USAID Mission:	Peru
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-006
Proposed FY 2004 Obligation:	\$2,924,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$1,299,000 DA
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID enhances the capacity of the Peruvian private and public sectors to meet the population's basic education needs in order to increase the productive capacity of the workforce and reduce the potential for social conflict. USAID's program to improve local management of quality basic education services focuses on: (1) developing and implementing education policies that promote decentralized education sector management; and (2) strengthening local basic education programs in selected communities. The Bureau of Latin America and the Caribbean's region program, Andean Center of Excellence for Teacher Training (CETT) will complement USAID's bilateral education efforts.

Inputs, Outputs, Activities:

FY 2004 Program:

Policy and program reforms (\$1,200,000 DA). USAID's basic education program, "Innovations in Decentralization and Active Schools", will support the new Peruvian education law, which provides the basis to decentralize authority, resources, and services to regional government and local stakeholders who include district/municipal governments, school boards, and parents. USAID will provide technical assistance to the Ministry of Education and selected regional and local governments to develop detailed regulations for decentralized local management of public education. USAID will also strengthen the capacity of local school and community networks to promote and monitor policy reforms. The Academy for Educational Development (AED) is the principal grantee.

Quality basic education (\$1,724,000 DA). Through the provision of technical assistance and training, USAID will improve the quality of basic education in selected communities of the San Martin region, where most children attend one-room schools (with one teacher for all grades) or multi-grade schools (with two or three teachers for all grades). These activities will also promote the participation of parents, teachers, community members, and local authorities in the management of their schools. AED is the principal grantee.

FY 2005 Program:

Policy and program reforms (\$300,000 DA). Using FY 2005 resources, USAID will further facilitate the implementation of the education law and strengthen the capacity of the Ministry of Education at the national, regional, and local levels. AED will continue to be the principal grantee.

Quality basic education (\$999,000 DA). USAID expects to expand the coverage of its technical assistance and training activities to additional schools and communities within the San Martin region. AED will continue to be the principal grantee.

Performance and Results: The passage of a new education law that encompasses most of the key elements of USAID's education program is a major result of USAID's assistance over the last year. The findings and recommendations of a USAID-financed analysis conducted in FY 2003 to assess the state of education in Peru were used as the basis for the new law. The law emphasizes effective decentralization policies and practices, local management of education resources, and increased local decision-making,

as well as active learning methodologies in the classroom, all of which are elements of USAID's new education program.

Implementation of the new program, "Innovations in Decentralization and Active Schools," was initiated in Lima and in San Martin at the close of FY 2003, with initial coordination meetings with Ministry of Education authorities at the central, regional, and local levels to promote policy and programmatic improvements. USAID provided technical assistance to the Ministry of Education for carrying out consultations with civil society, including the teachers' unions, parents, education non-governmental organizations, and other key actors to facilitate the development of the regulations of the new education law. USAID financed an initial workshop for 250 teachers and school directors in Tocache, one of the ten provinces of the San Martin region, with the objective of disseminating the new education law and its references to education decentralization and to strengthening teachers' technical skills.

By 2007, parents and community members will have assumed active roles and responsibilities in policy advocacy and financial/administrative management of schools, based on the establishment of networks, such as formal associations of school boards and school directors, and the implementation of local town meetings and communications programs. Teachers will be encouraged to participate in "teacher networks," small groups of teachers from a specific geographical area that focus on reforming education practices at the local level. Teachers will learn modern teaching methods, including cooperative learning, peer tutoring, cross-age tutoring, and individualized instruction, all of which help to create flexibility in the classroom and enable children to advance academically. USAID will clarify specific classroom performance targets as the expanded education program gets underway.

US Financing in Thousands of Dollars

Peru

	CSH	DA
527-006 Education		
Through September 30, 2002		
Obligations	3,586	2,000
Expenditures	3,008	0
Unliquidated	578	2,000
Fiscal Year 2003		
Obligations	0	3,174
Expenditures	215	258
Through September 30, 2003		
Obligations	3,586	5,174
Expenditures	3,223	258
Unliquidated	363	4,916
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	0	2,924
Total Planned Fiscal Year 2004		
Obligations	0	2,924
Proposed Fiscal Year 2005 NOA		
Obligations	0	1,299
Future Obligations	0	0
Est. Total Cost	3,586	9,397

Data Sheet

USAID Mission:	Peru
Program Title:	Peru-Ecuador Border Region Development
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	527-008
Proposed FY 2004 Obligation:	\$1,988,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$2,000,000 ESF
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2006

Summary: The Peru-Ecuador border program seeks to consolidate peace and build both individual and community capacities to address the most basic needs of the poorest border areas, thus reducing the risk of conflict. Interventions are geared to improve the effective decentralization of services through strengthening local government and developing citizenship accountability in target areas; increasing protection of human rights; increasing state presence and availability and access to social services; improving natural resource management in selected areas; promoting a culture of peace and public support to the Peace Accords; and promoting trade.

Phase I of USAID's Peru-Ecuador border program, which will conclude in 2004, includes training and technical assistance to improve local capacities of border communities to manage their own development processes; developing basic capacities for providing social services necessary for a healthy and productive life; increasing respect and protection of rights of the border population, particularly those of women and indigenous people; and increasing support to the 1999 Peru-Ecuador Peace Accords. While this last element will continue under Phase II, future initiatives will focus on economic integration of the border region through infrastructure development, especially based on private investment and improved linkages between local producers and national (Peruvian) and international markets.

Inputs, Outputs, Activities:

FY 2004 Program:

Increased economic integration and trade (\$1,748,000 ESF). In FY 2004, building on the capacity developed during the first years of the border program, USAID will enhance the ability of border communities to identify and implement productive initiatives to generate jobs and income as well as support the improvement of infrastructure to better link producers to markets. USAID will shift its focus to more populated areas (i.e., Piura and Iquitos). Specifically, USAID will fund technical assistance through economic service centers to provide current and projected market information along with information regarding financial and transport services. USAID will also fund technical assistance to facilitate commercial contacts between national and international buyers (including Ecuadorians) and local producers, identify companies willing to invest capital in local enterprises, and promote public-private partnerships to develop critical infrastructure (e.g., roads, ports, and energy) needed in the border region to increase competitiveness and trade. USAID will continue to co-finance two economic infrastructure projects: 1) a 155 meter bridge over the Nieva River in Amazonas, which will establish a reliable transportation route between population centers in the jungle and major markets/transportation hubs on the northern Peruvian coast, and is critical to Peru-Ecuador and Peru-Brazil transportation networks; and 2) a rural power distribution line in San Ignacio (Cajamarca), which will provide energy to 28 communities and benefit more than 8,000 people in one of the most promising coffee and cacao producing areas of Peru. Principal contractors/grantees include the Ministry of Transport, Ministry of Energy and Mines, local non-governmental organizations, and private sector institutions to be determined.

Increased support for the peace accords (\$250,000 ESF). USAID activities promote a culture of peace among Peruvians and Ecuadorians and between indigenous and non-indigenous communities in the

area, as well as develop greater support for the Peace Accords. Efforts will include information campaigns through mass media on the Peace Accords, bilateral trade regulations, and cross-border exchanges. As a complement to increasing economic integration and trade, USAID will finance a communications program to develop a better awareness of the benefits of peace and economic integration with Ecuador. The program will include outreach communication campaigns with regional and local authorities, as well as the general public, to increase their knowledge on benefits of trade and private-public partnerships in the operation of major infrastructure services. Major contractors/grantees are to be determined.

FY 2005 Program:

Increased economic integration and trade (\$1,750,000 ESF). USAID plans to continue the activities described above, and may expand to other communities in the border region. Implementers are not expected to change.

Increased support for the peace accords (\$250,000 ESF). USAID will continue the activities outlined above. Major contractors/grantees are to be determined.

Performance and Results: As a result of USAID assistance during FY 2003, mechanisms were established for citizens to oversee the performance of local authorities. Mayors held 16 public hearings to report on the use of public resources, and 14 target districts submitted their plans and budgets for 2004. Approximately 85% of target Amazonian indigenous communities participated in this process, incorporating these minority groups into national planning efforts for the first time. At the community level, almost 1,000 small producers improved their agriculture production (poultry, fishponds, honey bee, potatoes, orchids, sugar cane derivatives, palm heart, tropical fruits, and vegetables) for local consumption and local markets. USAID assisted parents and teachers in 227 rural schools to apply democratic, transparent, and participatory local school management methodologies, benefiting 8,500 students. Drop-out rates, especially among girls, decreased in target Amazonian communities. Additionally, more than 470 health providers (community health promoters and Ministry of Health workers) were trained and are working with more than 94 health community committees and networks. Fifty emergency committees under community management and oversight and 13 health posts with improved infrastructure and/or equipment (e.g., radio communication, boats, and cold chain equipment) provided access to health services for critical needs of isolated indigenous communities (approximately 50,000 people).

Important advances have also been made in the area of human rights in FY 2003. The six Ombudsman itinerant teams operating in the border area have processed more than 1,500 cases and requests. An additional 340 new human rights promoters were trained in issues of gender equity, diversity, bilingual-intercultural relations, domestic violence, and conflict resolution. In addition, USAID continued to finance training for 185 communication professionals who are working in local and regional media to disseminate the terms of the Peace Accords to promote a culture of peace, and arrange bi-national exchanges to discuss common development issues such as agroforestry production, health, and bilingual education.

Important outcomes expected during Phase I of the program are a 25% increase in the access to and use of basic services; a 20% decrease in child malnutrition rates; improved management capacity in 95% of targeted border local governments; and a 20% increase in people's knowledge of their basic rights, particularly among women and the indigenous population. Specific Phase II targets related to jobs, production, and increased trade will be established in FY 2004. By addressing these quality-of-life issues, USAID's interventions will promote political and social stability on the border with Ecuador and help ensure a lasting peace between the two countries.

US Financing in Thousands of Dollars

Peru

527-008 Peru-Ecuador Border Region Development	ESF
Through September 30, 2002	
Obligations	10,893
Expenditures	4,825
Unliquidated	6,068
Fiscal Year 2003	
Obligations	3,000
Expenditures	2,571
Through September 30, 2003	
Obligations	13,893
Expenditures	7,396
Unliquidated	6,497
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	1,988
Total Planned Fiscal Year 2004	
Obligations	1,988
Proposed Fiscal Year 2005 NOA	
Obligations	2,000
Future Obligations	0
Est. Total Cost	17,881

Data Sheet

USAID Mission:	Peru
Program Title:	Democratic Strengthening
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	527-009
Proposed FY 2004 Obligation:	\$1,632,000 DA; \$7,953,000 ESF
Prior Year Unobligated:	\$1,000,000 DA
Proposed FY 2005 Obligation:	\$1,565,000 DA; \$8,000,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID's program to strengthen democratic processes and institutions in critical areas includes the provision of technical assistance and training to promote key policy reforms; increase the capacity of regional and local governments; enhance congressional oversight and legislative capacity; improve the performance of selected justice institutions; and facilitate the efforts of the Truth and Reconciliation Commission in investigating past human rights abuses. USAID will support anti-corruption measures within each of these program areas.

Inputs, Outputs, Activities:

FY 2004 Program:

Citizen participation in key policy reforms (\$1,632,000 DA; \$2,000,000 ESF). USAID will continue support to the development, promotion, and oversight of key policy reforms related to decentralization, Congressional operations, and the justice sector. Major contractors/grantees include civil society coalitions led by Catholic Relief Services (decentralization) and two Peruvian non-governmental organizations, Manuela Ramos Movement (congressional operations) and the Institute for Legal Defense (justice reform).

Decentralization and strengthening of local governments (\$2,853,000 ESF). USAID will continue training and technical assistance for regional and local governments and community organizations in the seven departments that comprise USAID's geographic focus area. USAID will support 178 local governments (in addition to the 145 that began receiving assistance in FY 2003). Specific areas of support include financial management, planning, budgeting, procurement, and accountability to their constituency to meet accreditation requirements and better serve constituency needs. USAID will also provide policy support for the decentralization process. In addition, USAID will assist the State Contracts and Acquisition Council to simplify and streamline the governmental procurement process for sub-national governments, and support the Controller General to finalize regional government financial and management audits and establish a prospective internal control system that reduces future risks. Major contractors/grantees include the National Decentralization Council, the Office of the Controller General, the State Contracts and Acquisition Council, and ARD, Inc. (U.S. prime contractor).

Congressional reform (\$100,000 ESF). USAID will provide technical expertise to organize public hearings as critical legislation is considered by Congressional committees in areas such as decentralization, access to government information, trade policy, counternarcotics, and justice reform. Direct technical assistance to Congress will be completed as permanent committee staff is installed, internal procedural changes are institutionalized, and an IDB program begins operating. Major contractors/grantees include the Peruvian Congress.

Justice sector reform (\$3,000,000 ESF). Activities will focus on strengthening the selection/ratification process and disciplinary procedures for judges; improving the business climate through the establishment of specialized commercial courts in Lima; and implementing improvements for the processing of criminal cases in Lima and selected judicial districts. USAID programs will help: 1) promote changes in the legal

framework to support justice sector reform in critical areas, including judicial recruitment, selection and retention processes, the criminal procedures code, handling of commercial cases, and the overall organization of the justice system; 2) establish and strengthen mechanisms for internal and external oversight of justice sector reform and operations; 3) develop justice sector capability to coordinate and manage reform efforts; and 4) improve technical and management capacity to handle critical commercial and criminal cases. USAID will continue support to the Office of the Ombudsman to promote public sector modernization and consolidate its presence in areas of the country prone to conflict. Major contractors/grantees include the Peruvian Ministry of Justice, the Office of the Ombudsman, and IRIS (U.S. prime contractor).

To the extent that work is carried out in Peru's major coca-growing areas in support of counternarcotics objectives, local government and justice sector activities will be partially financed by ACI funds referenced in the Alternative Development Data Sheet (527-013).

FY 2005 Program:

Citizen participation in key policy reforms (\$1,565,000 DA; \$1,500,000 ESF). USAID will continue to support the civil society coalitions mentioned above, with increased emphasis on anti-corruption and the consolidation of oversight networks. Major contractors/grantees are the same as above.

Decentralization and strengthening of local governments (\$3,400,000 ESF). USAID will expand its support to an additional 109 local governments and community organizations. Major contractors/grantees are the same as above.

Congressional reform (\$100,000 ESF). Based on the expected Peruvian congressional legislative agenda, USAID will continue funding technical expertise and public hearings to improve the quality of the most significant legislation. The Congress will be the principal grantee.

Justice sector reform (\$3,000,000 ESF). USAID will continue financing the Ombudsman's operations, and provide support to implement the Truth Commission's recommendations. USAID will assist in the implementation of the revised criminal procedures code, as well as with the full functioning of specialized commercial courts. 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, local government and justice sector activities will be partially financed by ACI funds referenced in the Alternative Development Data Sheet (527-013).

Performance and Results: Major results of USAID's assistance in FY 2003 include: 1) increased access to information on decentralization, justice reform, and Congress nationwide (with 14.5 million people reached); 2) input to key policy reforms, including regional government and municipal laws, and formation of an inter-institutional body to coordinate justice reform; 3) implementation of institutional and operational changes in the roles and functions of sub-national governments, including the development of their 2004 budgets, and training of six regional and 145 municipal governments; 4) establishment of permanent technical staff for Congressional committees; 5) documentation of human rights abuses committed between 1980-2000 in the Truth and Reconciliation Commission's final report and adoption of the report's recommendations in Peruvian government's plans; 6) resolution of more than 87% of 65,000 complaints brought to the Ombudsman and the opening of offices in remote regions where coca is grown and political/social violence is most common; and 7) improvement in the judicial selection process. By 2007, key constitutional reforms related to the balance of governmental power, reform of the electoral system and the judiciary, the independence of government institutions and the structure of sub-national government will be in place and maintained. Citizen approval of the performance of government institutions will have improved significantly, and key decentralization policies will be in place with broad input from civil society. All 540 subnational governments in the seven geographic focus regions will be trained and more than 80% will be certified to receive greater authorities and resources. A new criminal procedures code will be in place with increased judicial efficiency, and specialized commercial courts will be fully operational.

US Financing in Thousands of Dollars

Peru

527-009 Democratic Strengthening	DA	ESF
Through September 30, 2002		
Obligations	2,876	14,500
Expenditures	814	2,425
Unliquidated	2,062	12,075
Fiscal Year 2003		
Obligations	2,141	8,000
Expenditures	2,376	5,840
Through September 30, 2003		
Obligations	5,017	22,500
Expenditures	3,190	8,265
Unliquidated	1,827	14,235
Prior Year Unobligated Funds		
Obligations	1,000	0
Planned Fiscal Year 2004 NOA		
Obligations	1,632	7,953
Total Planned Fiscal Year 2004		
Obligations	2,632	7,953
Proposed Fiscal Year 2005 NOA		
Obligations	1,565	8,000
Future Obligations	0	0
Est. Total Cost	9,214	38,453

Data Sheet

USAID Mission:	Peru
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-010
Proposed FY 2004 Obligation:	\$6,420,000 DA; \$10,125,000 PL 480
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$4,103,000 DA; \$21,100,000 PL 480
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	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
Through September 30, 2002		
Obligations	5,862	58
Expenditures	1,158	0
Unliquidated	4,704	58
Fiscal Year 2003		
Obligations	7,320	0
Expenditures	4,469	58
Through September 30, 2003		
Obligations	13,182	58
Expenditures	5,627	58
Unliquidated	7,555	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	6,420	0
Total Planned Fiscal Year 2004		
Obligations	6,420	0
Proposed Fiscal Year 2005 NOA		
Obligations	4,103	0
Future Obligations	0	0
Est. Total Cost	23,705	58

Data Sheet

USAID Mission:	Peru
Program Title:	Health
Pillar:	Global Health
Strategic Objective:	527-011
Proposed FY 2004 Obligation:	\$17,282,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$13,037,000 CSH
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID's health sector program in Peru will strengthen commercial private sector health services; provide flexible support for national health sector policy reform; promote decentralization and local management of public sector services; emphasize health communication and education/behavior change; ensure sustainability of mature activities; increase priority to regional approaches and activities; and concentrate field activities in the central jungle area, where state presence and social services are inadequate and most of Peru's illicit coca is produced. The program addresses growing threats posed by emerging and re-emerging infectious diseases, including HIV/AIDS, tuberculosis and malaria. Reproductive health activities will emphasize the human and reproductive rights of Peruvian women and families.

Inputs, Outputs, Activities:

FY 2004 Program:

Quality health services (\$6,637,000 CSH). USAID will accelerate the development and implementation of two related systems to upgrade the cadre of health professionals nationwide, a certification system for health professionals and an accreditation system for academic institutions that train health workers. In the Mission's geographic emphasis zone, USAID will expand five interventions: 1) participatory development of local health plans; 2) grassroots self-help mobilizations promoting healthy behaviors among individuals and communities; 3) improved capability of local clinics to handle obstetric and neonatal emergencies that contribute to Peru's high maternal mortality; 4) health improvements responding to community priorities and creating synergies with other USAID-funded activities; and 5) family planning and reproductive health, including the monitoring of client rights to informed consent, activities to reduce maternal mortality, and limited provision of contraceptives. USAID will continue monitoring the compliance with U.S. Government requirements for reproductive health interventions, including the Tiahrt Amendment and the Mexico City Policy. Principal contractors and grantees include the Ministry of Health, the Peruvian nongovernmental organization (NGO) PRISMA, Pathfinder International, The Futures Group, and UNICEF.

Healthy behaviors (\$6,427,000 CSH). Through schools, communities and local mass media in the Mission's geographic focus area, USAID will promote healthy behaviors (such as hand washing and boiling drinking water) and improve community and environmental health. USAID will continue to support university training of health communicators as well as educational radio dramas addressing health-related situations. A new grant to the Ministry of Health will support community outreach activities carried out by local clinics and hospitals. Principal partners include Manuela Ramos Movement, the Academy for Educational Development, Pathfinder International, and the Ministry of Health.

Health sector policies (\$4,218,000 CSH). USAID will sharpen its focus on infectious diseases and HIV/AIDS, supporting policy reform, prevention, treatment, and research. A new HIV/AIDS strategy will be developed and launched. Targeted biomedical research and strengthening of Peru's epidemiological surveillance will continue, and a new year-by-year rolling Demographic and Health Survey (DHS) will begin in 2004. Through pilot projects, studies, and advocacy events, USAID will promote public-private

partnerships; joint management of health services by communities, regional governments, and the Ministry of Health; partnering the services of the Ministry of Health and the Peruvian Social Security Health System (ESSALUD); and strengthening the referral system so more patients are served at local levels rather than at hospitals. USAID's partners will continue to optimize use of and cost recovery from commercial health services provided to low-income patients. Principal contractors/grantees are Abt Associates, The Futures Group, Pathfinder, and the Ministry of Health.

FY 2005 Program:

Quality health services (\$5,685,000 CSH). Direct, targeted support to local health interventions will continue in the Mission's geographic focus area to contribute to integrated development. USAID will increase support for prevention and treatment of HIV/AIDS. USAID will seek strategic ways to support commercial, private health services that are responsive to the needs of middle and lower income Peruvians. In family planning and reproductive health, USAID will continue to support the monitoring of client rights to informed consent, activities to reduce maternal mortality, and limited provision of contraceptives. Major contractors/grantees are the same as above.

Healthy behaviors (\$2,932,000 CSH). USAID will support strategic, targeted health education interventions designed to change behaviors that expose people to preventable health hazards, including HIV/AIDS. Major contractors/grantees are the same as above.

Health sector policies (\$4,420,000 CSH). Support for epidemiological surveillance, applied research related to infectious diseases, and the "rolling" annual DHS will continue. USAID will continue to support health sector policy reform, emphasizing policy changes that favor decentralization and unsubsidized private health services and providers. Major contractors/grantees are the same as above.

Performance and Results: USAID's strategy for improving the skills of health professionals by supporting accreditation of professional training institutions and certification of health professionals is advancing ahead of schedule. Fifty of Peru's 80 universities (all 47 schools of nursing, 26 midwifery schools and 28 medical schools) were brought into the new accreditation methodology for health professionals. In the Mission's geographic emphasis zone, USAID scaled-up three interventions: 1) participatory development of health plans involving local governments and local civil society; 2) grassroots self-help campaigns that address shared problems of unhealthy behaviors and/or unhealthy environments (80 communities in 2003); and 3) improving the skills and facilities of local clinics to handle obstetric and neonatal emergencies that contribute to high maternal mortality (600 Ministry of Health (MOH) facilities in Fiscal Year 2003). MaxSalud, a USAID-funded private health provider in Chiclayo, expanded its beneficiary population: new patient attendance increased from 35,418 in 2002 to 38,968; the number of births attended increased from 514 to 572; and the total number of patient visits increased from 166,078 to 226,091. USAID support enabled the Human Rights Ombudsman's office to further expand its coverage to regional offices outside of Lima. USAID helped create a new private marketing mechanism which provides low-cost contraceptives to private midwives (640 midwives in FY 2003) for resale to their clients. An audience survey showed that as a result of the educational radio dramas from the ReproSalud project, 62% of an audience of 1.5 million women could correctly answer questions about postpartum care, domestic violence, and family planning. USAID took the lead in decentralization of health services, providing critical research, policy events, and field tests of policy innovations.

The most significant results of the USAID health strategy in Peru will be the following: 1) health services and health conditions will have improved significantly in target areas; 2) the spread of HIV/AIDS will have been slowed; 3) the administration of government health services will have been significantly decentralized to new regional governments and to local communities; 4) Peruvians in target areas will be practicing new behaviors that reduce their exposure to preventable health hazards; and 5) a trend toward greater utilization of commercial private health insurance and services by middle and low income Peruvians will have begun.

US Financing in Thousands of Dollars

Peru

	CSH	ESF
527-011 Health		
Through September 30, 2002		
Obligations	23,666	0
Expenditures	12,150	0
Unliquidated	11,516	0
Fiscal Year 2003		
Obligations	19,712	2,000
Expenditures	17,735	0
Through September 30, 2003		
Obligations	43,378	2,000
Expenditures	29,885	0
Unliquidated	13,493	2,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	17,282	0
Total Planned Fiscal Year 2004		
Obligations	17,282	0
Proposed Fiscal Year 2005 NOA		
Obligations	13,037	0
Future Obligations	0	0
Est. Total Cost	73,697	2,000

Data Sheet

USAID Mission:	Peru
Program Title:	Environment and Natural Resources
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-012
Proposed FY 2004 Obligation:	\$4,060,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$3,525,000 DA
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID finances activities to improve environmental policy and build the capacity of Peru's environmental institutions; strengthen local environmental management systems to promote sustainable forest management, protect biodiversity, control pollution, and mitigate environmental threats to public health; and increase environmental awareness. USAID support will enhance Peru's ability to sustainably utilize its natural resources to attract investment and generate jobs and income.

Inputs, Outputs, Activities:

FY 2004 Program:

Renewable natural resources (\$2,700,000 DA). USAID ongoing support for sustainable forest and management of protected areas will include the implementation and expansion of a nationwide system to issue controlled concessions for forest production, curb illegal logging, and develop a timber certification process. In addition, USAID will finance park personnel training and technical assistance to strengthen the Natural Resources Institute (INRENA). Major contractors/grantees include INRENA, World Wildlife Fund, U.S. Department of the Interior, Field Museum of Chicago, U.S. Forest Service, Chemonics International, The Nature Conservancy, and International Resources Group (IRG).

Industrial and urban pollution (\$1,360,000 DA). USAID provides technical assistance to Peruvian public sector agencies to improve their capacity to address industrial and urban environmental concerns. USAID also encourages the adoption of environmentally-friendly production technologies by supporting the National Clean Production Center and providing a Development Credit Authority loan guarantee for capital improvements. Environmental health activities, including the development of model water sanitation and waste management systems, will be completed in 2004. In FY 2004, USAID will initiate an assistance package to mitigate the negative environmental impact on Paracas Bay by industry, including the establishment of safeguards related to a new natural gas processing plant in the reserve's buffer zone. Major contractors/grantees include National Environment Council (CONAM), Directorate of Environmental Health in the Ministry of Health (DIGESA), CARE, PA Consultants, Inc., Centers for Disease Control and Prevention, Peruvian Clean Production Center, and International Resources Group (IRG).

To the extent that work is carried out in Peru's major coca-growing areas in support of counternarcotics objectives, sustainable forest management/wood certification and biodiversity protection activities will also be financed by ACI funds referenced in the Alternative Development Data Sheet (527-013).

FY 2005 Program:

Renewable natural resources (\$2,855,000 DA). Support for a nationwide forest management and wood certification system will continue with efforts expanded to include additional forest concessions. USAID also plans to continue providing assistance to improve national park and protected area management systems. Major contractors/grantees are the same as above.

Industrial and urban pollution (\$670,000 DA). USAID will continue to support CONAM and mitigation measures in the Paracas Bay Reserve. This will be the final year of USAID assistance to the National Clean Production Center. DIGESA will no longer receive direct support, but other 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, sustainable forest management/wood certification and biodiversity protection activities will also be financed by ACI funds referenced in the Alternative Development Data Sheet (527-013).

Performance and Results: USAID's environmental activities achieved important results in 2003, contributing to a strengthened capability to sustainably manage Peru's environmental assets and natural resources. As of October 2003, approximately five million hectares of forest were under sustainable management, with associated certified timber sales of approximately \$5 million and the creation of 400 full-time-equivalent jobs. Peru's National Council for the Environment has continued its decentralization process by opening an additional five regional centers, which completes coverage of all departments in Peru. With USAID-funded assistance from the Clean Production Center, nine industrial plants have reduced their pollution by 10% or more.

By 2007, USAID will increase the area of sustainably managed forest to 9.0 million hectares, 50 industrial plants will have reduced pollution by 10% or more, and Paracas Bay will have 30 systems in place to protect against industrial, urban, and agricultural pollution.

US Financing in Thousands of Dollars

Peru

	DA	DCA
527-012 Environment and Natural Resources		
Through September 30, 2002		
Obligations	4,704	73
Expenditures	488	0
Unliquidated	4,216	73
Fiscal Year 2003		
Obligations	3,804	0
Expenditures	1,978	0
Through September 30, 2003		
Obligations	8,508	73
Expenditures	2,466	0
Unliquidated	6,042	73
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	4,060	0
Total Planned Fiscal Year 2004		
Obligations	4,060	0
Proposed Fiscal Year 2005 NOA		
Obligations	3,525	0
Future Obligations	0	0
Est. Total Cost	16,093	73

Data Sheet

USAID Mission:	Peru
Program Title:	Alternative Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	527-013
Proposed FY 2004 Obligation:	\$50,000,000 ACI
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$50,000,000 ACI
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2007

Summary: USAID's Alternative Development Program (ADP) is a key component of the U.S. Government's comprehensive counternarcotics strategy. It involves a multi-sector, integrated development approach in the seven Peruvian regions where most illicit coca is grown, linking development benefits directly to the commitment to voluntary coca eradication. Interventions focused on: (a) providing immediate economic and social impact via temporary income, community organization and other short-term support in communities where coca is eradicated; (b) promoting sustainable economic and social development in and around the primary coca-growing areas via infrastructure projects, technical assistance and training to local and regional governments, other Government of Peru agencies, private sector entrepreneurs and small farmers; (c) improving the policy and institutional framework related to alternative development and counter-narcotics through studies and technical assistance to key allies; and (d) generating political will, encouraging key behavior change, and disseminating accurate information to beneficiaries through a crosscutting communications program.

Inputs, Outputs, Activities:

FY 2004 Program:

Voluntary eradication (\$27,050,000 ACI). USAID will continue funding small, labor-intensive, infrastructure works, such as schools, health posts, sanitation, roads and bridges, as a means of improving local services and providing temporary income for families in communities where coca is eradicated. USAID will also finance scholarships, land titling, and health/nutrition services in participating communities. Participatory processes to identify and prioritize these projects will be coordinated with municipal and regional governments. A new prime U.S. contractor will be selected through a competitive process by January 2004. Multiple local nongovernmental organizations (NGOs), local private firms, specialized Peruvian governmental agencies, and municipalities will act as sub-contractors/grantees.

Sustainable local/regional development (\$13,900,000 ACI). USAID will assist private entrepreneurs and producers with information and technical assistance to link their production to market demand and encourage private investment in productive licit activities. USAID will promote private-public partnerships in economic infrastructure (mainly roads and electrification) in target areas, and provide improved access to financial services. The program will support sustainable productive forest management, including concession processes and forest product certification, thus protecting the environment and generating jobs and income. USAID will also strengthen local governments and improve the rule of law in coca-growing regions. Major contractors/grantees include an umbrella contractor to be selected, Chemonics, the World Wildlife Fund, The Nature Conservancy, the Chicago Field Museum, local NGOs, and specialized Peruvian government agencies.

National framework for counternarcotics/alternative development (\$4,050,000 ACI). Specific studies and advocacy efforts will support policy changes related to such issues as precursor chemicals control, land titling, and policies and procedures that catalyze greater economic growth and more effective and responsive state presence in the coca producing regions. USAID will continue providing specialized consultancy services and fund selected costs of the Government of Peru's counter-narcotics coordinating

body (DEVIDA) to improve its institutional capacity to implement the Peruvian government's counternarcotics strategy. Major contractors/grantees include DEVIDA, an umbrella contractor to be selected, Development Alternatives Inc, and possibly a new U.S. contractor, with local NGOs and firms acting as sub-contractors/grantees.

Communications/operational research (\$5,000,000 ACI). A range of media will be used to: 1) inform the communities undergoing eradication to better understand the process and mitigate social unrest; 2) change attitudes and practices to contribute to a decrease in coca production; and 3) gain support among decision-makers and the general public for alternative development/counternarcotics measures. USAID funds will be used to monitor and carry out operational research activities to guide the implementation of U.S.Government/GOP counternarcotics and alternative development activities. Work will be carried out primarily by a U.S. prime contractor, with local NGOs and marketing/communication firms acting as sub-contractors/grantees.

FY 2005 Program:

Voluntary eradication (\$30,700,000 ACI). USAID will continue to fund small infrastructure works and finance scholarships, land titling, and health/nutrition services in communities where coca is eradicated. Major contractors/grantees are not expected to change.

Sustainable local/regional development (\$9,800,000 ACI). USAID plans to continue the activities described above. Major contractors/grantees are not expected to change.

National framework for counternarcotics/alternative development (\$4,450,000 ACI). USAID will continue providing support to the GOP's counter-narcotics coordinating body (DEVIDA) to improve its institutional capacity to implement the GOP's counter-narcotics strategy. Major contractors/grantees are not expected to change.

Communications (\$5,050,000 ACI). USAID plans to continue the above activities to generate political will, encourage key behavior change, and disseminate accurate information to beneficiaries through a cross-cutting communications program. Major contractors/grantees are not expected to change.

Performance and Results: Initial USG estimates indicate that coca cultivation was reduced to 31,150 hectares (a 15% cut between June 2002 and June 2003). It is likely that the area dedicated to illicit coca production will decline further by the end of 2003, based largely on the implementation of the new voluntary eradication methodology. USAID directly contributed to coca reduction, with 5,445 hectares of coca auto-eradicated between October 2002 and December 2003. Through all methods, more than 11,000 hectares were eradicated in 2003, far surpassing the target of 8,000, with USAID's community development/auto-eradication program accounting for 40% of this total. In FY 2003, 356 social infrastructure works were initiated or completed; 1,251 kilometers of roads were rehabilitated/maintained; 18 bridges were constructed; and seven electrification works and four irrigation systems were built. The program facilitated value-added sales of \$9.5 million, generating income for over 13,500 producers in target areas. A communications campaign is helping to convince Peruvians that illicit narcotics represent a problem for Peru, as well as for the United States, and successfully countered the disinformation that is routinely disseminated by "cocalero" organizations and the narcotics mafia.

It is expected that Peru's coca production will be reduced to the level required only for licit uses by the end of the strategy period. By FY 2007, there will be a strengthened licit economy in current coca-growing areas and the regions where they are located, based on stable links to local and outside markets; farmers' productivity will be increased; and natural resources will be sustainably managed. Social conditions, including access to quality health and education services will be substantially improved in target areas. The legal, policy, and institutional framework at the regional and national levels will provide adequate conditions for sustained illicit coca elimination by enhancing law enforcement and providing a favorable environment for trade and investment in current coca-growing regions.

US Financing in Thousands of Dollars

Peru

527-013 Alternative Development	ACI	CSH	DCA
Through September 30, 2002			
Obligations	57,500	0	0
Expenditures	4,966	0	0
Unliquidated	52,534	0	0
Fiscal Year 2003			
Obligations	30,879	200	557
Expenditures	32,350	17	0
Through September 30, 2003			
Obligations	88,379	200	557
Expenditures	37,316	17	0
Unliquidated	51,063	183	557
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2004 NOA			
Obligations	50,000	0	0
Total Planned Fiscal Year 2004			
Obligations	50,000	0	0
Proposed Fiscal Year 2005 NOA			
Obligations	50,000	0	0
Future Obligations	0	0	0
Est. Total Cost	188,379	200	557