

**President of the United States Visit
Briefing on USAID History and Impact
February 21, 2002**

USAID HISTORY

USAID and its predecessor agencies (Institute of American Affairs, Mutual Security Agency, International Cooperation Administration, etc.) have been providing assistance to Peru since the 1940s. However, Official U.S. government assistance to Peru began in 1942 with programs such as the Cooperation Services providing assistance for education, health and food production, and continued under the Point Four Program. Bilateral assistance to Peru provided through USAID's predecessors (1946-1961) amounted to \$96 million, through both loans and grants.

Since 1946 the U.S. Government has assisted millions of people with a U.S. investment of more than \$3.5 billion dollars. In the last ten years (1990-2000), USAID assistance has focused primarily in Poverty Reduction (69.42%), Health (12.69%), Alternative Development (11.48%), Democracy (3.10%), Environment (1.92%), Human Resources Development and Education (0.55%), Peru-Ecuador Border (0.46%), and Displaced Children and Disasters (0.38%).

IMPACT OF USAID PAST ASSISTANCE IN PERU

Agriculture

- In the 1950s, U.S. Government assistance helped in the establishment of an extensive agricultural research program (6 experimental research stations) that were institutionalized into a number of Peruvian agricultural universities that still exist today (e.g. Pedro Ruiz Gallo in Lambayeque, Universidad del Centro in Junín, Universidad de la Selva in Tingo Maria).
- USAID also assisted in the establishment of the National Agrarian University at La Molina. Many of the buildings were financed by USAID.
- In the 1960s USAID loans helped construct major sections of the principal north/south highway in the jungle region (Carretera Marginal with an estimated length of 2,000-2,500 Km.) and other key east/west links, opening potentially rich agricultural areas and providing farmers with access to markets in the jungle and coastal regions.
- In the late 1960s and 1970s USAID provided the foundation for what is today a flourishing dairy industry in Arequipa and Cajamarca through the importation of Holstein stock from Wisconsin, the construction of silos, and research on forage and grasses for animal feed.

- USAID helped to found the International Potato Research Center which has enjoyed worldwide renown for its impact on improving the quality of potato production.

Training

- Over the years, more than 500,000 professionals, technicians, doctors, judges, managers, local leaders and many others have received training, some 5,000 of them in overseas courses. Many of these people have been important decision-makers in Peruvian society.

Health

- USAID has been the single largest, most consistent bilateral donor in public and private sector health and population programs in Peru. Over the years USAID has donated approximately \$143 million for research, training, equipment/supplies and service delivery.
- Largely as a result of USAID assistance, during the past 14 years (1986-2000), infant mortality has fallen from 64 to 33 per 1,000 live births while under five mortality has fallen from 91 to 47 per thousand live births. One of USAID's most important achievements was Peru's certification in 1994 as being polio-free. This certification meant that the entire region of the Americas could be declared polio-free (the first region in the world); USAID was the major donor in polio immunization in Peru in the early 1980s and initiated the Sunday vaccination campaigns, which have been a model for the Ministry's successful efforts to extend coverage.

Private Enterprise Development

- One of USAID's most successful activities was the creation of the Graduate School of Business Administration (ESAN) which was established in Lima in 1963 by the U.S. and Peruvian Governments together with assistance from Stanford University. Currently, ESAN is providing top quality training for current and future managers and executives in Peru.
- USAID's Microenterprise and Small Producer Support Program, working with the Exporters Association in the last ten years, created 59,333 jobs, and generated over more than US\$140 million of sales.
- The Program with COPEME (Consortium of Private Organizations for the Promotion of the Small and Micro Enterprise) to strengthen microfinance institutions (MFIs) through training, technical assistance and other services is currently working with 52 MFIs which have an outstanding loan portfolio of \$350 million, benefiting approximately 300,000 clients.

Poverty Reduction

- From 1990 to 1999 USAID provided key support for the development and implementation of the GOP's Anti-Poverty Plan, with the objective to reduce extreme poverty by half by the year 2000. The plan helped the GOP, as well as other donor's assistance, to better target its social investments.

Housing

- USAID guaranteed private U.S. long-term loans for investment in housing projects. This program started in Peru in 1962 and resulted in the construction of approximately 8,000 housing units for middle-income families in Lima and elsewhere. These housing units can be seen today in the neighborhoods of Vista Alegre, Salamanca and Jardines Viru in Lima.

Economic Policy Reform

- In the last ten years (1990-2000) USAID facilitated rescheduling of the country's external debt, development of legislation governing privatization of public enterprises, elimination of price controls and subsidies, enactment of the Public Registries Law, unification of documentation requirements for exports, and creation of the Arbitration Center in the Lima Chamber of Commerce and the Stock Exchange.
- From 1990 to 1999, through the Policy Analysis, Planning and Implementation (PAPI) Project, USAID assisted the GOP with technical expertise in the design and implementation of sound economic policies towards a market-based economy, such as loan guarantees equal treatment for domestic and foreign investment, liberalization of foreign exchange and interest rates, establishment of a legal framework guaranteeing private property, introduction of more flexibility in labor regulations, and anti-dumping and anti-monopoly regulations.

Food Assistance

- During the last ten years (1990-2000) USAID provided approximately more than \$50 million through the Food for Peace Program under Public Law 480, Title II.
- PL480 Title II Program's overall impact during the last ten years (1990-2000) has been widespread and some 1.8 million malnourished and impoverished Peruvians are benefiting from the program.

Democratization

- Support for democracy began in 1986 with the Administration of Justice (AOJ) Project, working with the Public Ministry, judiciary and Ministry of Justice. USAID provided technical assistance, equipment and library resources, trained more than 2,000 prosecutors and judges and developed an automated case-tracking system.

- The AOJ Project also provided the initial funding for the National Detainee Registry (NDR), a system designed to track and provide information on persons detained for terrorism.
- In the past few years, USAID has focused its activities on election assistance, supporting the Peruvian Controller General, promoting human rights and working for decentralization. USAID was the lead donor for the 1995 national and local elections, supporting the *Jurado Nacional de Elecciones* (JNE) and the *Organismo Nacional de Procesos Electorales* (ONPE) and promoting citizen participation.
- USAID helped the Controller General receive international certification. This allowed the Controller General to have a stronger mandate to monitor the finances of the Government and serve as a buffer against corruption.
- USAID was the first donor to provide assistance to the Human Rights Ombudsman, emphasizing the promotion of the rights of native communities, women and persons unjustly accused of terrorism.
- Since 1997, the legal rights of the poor have been supported through a network of 27 free legal clinics and conciliation centers located in Lima, Callao, and the provinces of Trujillo, Arequipa, Huancayo, Iquitos, Piura, Cuzco, Puno and Ayacucho.
- Public fora and civic awareness activities were sponsored to increase citizen knowledge of their rights and responsibilities.
- Several thousand mayors, council members and community leaders were trained, hundreds of community meetings held, and high priority development projects financed under the local governments project with INADE and ESAN that increased both the degree of local participation and the quality of local decision-making.

Environment

- From 1990 to 1999 USAID contributed to the establishment and strengthening of the National Environmental Council (CONAM) as the leading Peruvian Government entity for the development of environmental policies and sound environmental management.

Alternative Development

- From 1990 to 1999 USAID supported GOP's efforts in reducing coca cultivation that lead to a 58% reduction in areas under coca cultivation (from 115,300 Ha in 1995 to 51,000 Ha in 1998).

THE FUTURE

The ultimate goal of USAID/Peru is to promote the expansion of sustainable opportunities for improved quality of life of Peruvians through democratic institutions and processes by:

- Promoting citizen's participation in democratic processes in order to guarantee political freedoms and strengthen the rule of law;
- Increasing economic opportunities for the poor in selected areas;
- Protecting human health and fostering population growth that is both in harmony with resources and reflects the fertility desires of families;
- Ensuring the judicious stewardship of the environment;
- Providing people in coca-growing areas an alternative licit source of income, coupled with an improvement in their quality of life and physical security;
- Expanding opportunities for girls' basic education; and
- Improving the quality of life of Peruvians along the Peru-Ecuador border target area

USAID/Peru's funding for FY-2002 is approximately \$154.13 million, which includes \$17.5 million for Democracy; \$39.7 million for Poverty Reduction; \$28.2 million for Health; \$7.73 million for Environment; \$56 million for Alternative Development; \$2.5 million for Girls' Education; and \$2.5 million for the Peru-Ecuador Border Region Development.

In the democracy area, USAID activities increase the poor's access to justice, promote civic awareness, encourage more accountable public institutions, and foster more responsive local governments.

In the economic growth area, USAID activities increase incomes of the poor through improved nutrition, increased productivity and market access, improved policies and financial services, and more effective organizations assisting the poor.

In the health sector, USAID activities strengthen the quality, coverage, delivery and use of basic health care and reproductive services in poor urban and rural areas. USAID also provides support to improve nutrition, and identify, prevent and control outbreaks of emerging and reemerging diseases.

USAID's environmental efforts place special emphasis on environmental awareness, strengthening private and public environmental institutions, supporting policy debate, developing new pollution prevention and management technologies, and improving the management of national parks.

USAID's support for alternative development strengthens local governments, meets immediate subsistence needs, provides increased income and employment opportunities, improves infrastructure, protects natural resources and increases awareness of the harmful effects of coca cultivation and benefits of development.

In girls' education, USAID promotes the implementation of national and local strategies that address critical constraints to girls' successful completion of primary school in rural areas in Peru.

Finally, a new initiative is underway to support the consolidation of the 1998 Peace Agreement signed by Peru and Ecuador. The initiative is contributing to improved living conditions of the population in the border region and demonstrating the tangible benefits of the peace process.

The USAID/Peru program focuses on influencing strategies and supporting leadership that will maximize sustainable economic growth and democratic development. USAID helps to build the economic and political foundations necessary to increase people's opportunities. We seek to empower the women, men and children of Peru by strengthening their individual capacities, promoting their economic opportunities and expanding their political freedoms. As development is sustainable only if it is participatory and people-oriented, USAID emphasizes grassroots participation in its development program.

To achieve these results, USAID works in close partnership with the Government of Peru, other donors and international and local non-governmental organizations.