

برنامج
الأغذية
العالمي



Programme
Alimentaire
Mondial

World
Food
Programme

Programa
Mundial
de Alimentos

Executive Board
Second Regular Session

Rome, 17 - 19 May 2000

PROJECTS FOR EXECUTIVE BOARD APPROVAL

Agenda item 6

For approval



Distribution: GENERAL

WFP/EB.2/2000/6-A/2

19 April 2000

ORIGINAL: ENGLISH

DEVELOPMENT PROJECT— PERU 6240.00

Promotion of Sustainable Development of Andean Micro-watersheds

Number of beneficiaries	115,490
Duration	Five years

Cost (United States dollars)	
Total cost to WFP	14,112,501
Total food cost	8,238,150
Total cost to Government	18,825,350
Total project cost	32,937,851

ABSTRACT

This project was prepared following the conclusions and recommendations of the October-November 1999 evaluation mission to the sites of WFP's three current development projects in Peru. Included in this new project are activities undertaken in projects PER 2341 and PER 5162, and the following changes: a) project concentration in the three poorest departments—Apurímac, Ayacucho and Huancavelica—which are also those most affected by past violence; b) a standardized application of the concept of a micro-watershed approach; c) a modification of core soil conservation and water management activities in order to solve the problem of overgrazing, which is the principal cause of resource degradation; and d) a reorientation of the promotion of income-generating groups and micro-enterprises, emphasizing the mobilization of savings, “action learning” in business promotion and credit, and the participation of NGOs and institutions specialized in the administration of these tasks. The project participants live in 547 villages located in 32 micro-watersheds in the three targeted departments. They total 115,490 persons (73,450 women and 42,040 men). Food-for-work (FFW) participants would receive an average of 137 family rations per year. The project has been designed with the goal of contributing to the sustainable socio-economic development of the inhabitants of upper Andean watersheds, through increased food security, income, and human capital of peasant families. In accordance with decision 1999/EB.A/2 of the Executive Board, WFP focuses its development activities on five objectives. This project addresses objectives 2 (enable poor households to invest in human capital through education and training), 3 (make it possible for poor families to gain and preserve assets) and 5 (enable households which depend on degraded natural resources for their food security to make a shift to more sustainable livelihoods). The project includes substantial government financing, through executing partners and public funding institutions, which together will contribute 59 percent of the total project cost.

NOTE TO THE EXECUTIVE BOARD

This document is submitted for approval by the Executive Board.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point(s) indicated below, preferably well in advance of the Board's meeting.

Director, Latin America and Caribbean Region (OLC): Mr Francisco Roque Castro tel.: 00505-2663937

Senior Liaison Officer, OLC: Ms R.I. Antolin tel.: 066513-2207

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Documentation and Meetings Clerk (tel.: 066513-2645).



ACRONYMS USED IN THIS DOCUMENT

CCA	Common Country Assessment
FFT	Food-for-training
FFW	Food-for-work
FOB	Free on board
FONCODES	Compensation and Social Development Fund
GDP	Gross domestic product
GTZ	German Agency for Technical Cooperation
ILO	International Labour Organization
INFES	National Educational Infrastructure and Health Institute
NGO	Non government organization
PROMUDEH	Ministry for the Advancement of Women and Human Development
PRONAA	National Food Assistance Programme
PRONAMACHCS	National Watershed Management and Soil Conservation Programme
SECTI	Secretaría Ejecutiva de Coordinación Técnica Internacional
SECTI	Executive Secretariat of International Technical Cooperation
UNDAF	United Nations Development Assistance Framework
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
VAM	Vulnerability analysis and mapping



PROBLEM ANALYSIS

1. After a period of stagnation in the 1980s, the Peruvian Government addressed the country's serious economic and social crisis by implementing a stringent structural adjustment programme in August 1990. This resulted in reduced inflation, a sharp rise in the gross domestic product (GDP) and an improvement in international currency reserves.
2. Peru's food imports represent 26 percent of the country's total food availability. Commercial imports are carried out mainly by millers. The national treasury is in charge of food aid imports distributed through humanitarian programmes. In the extremely poor areas, where this project will be implemented, per capita daily consumption does not exceed 1,800 Kcal, about 80 percent of the requirement. Per capita protein consumption is below the 62 per day minimum requirement.
3. In 1997, Peru's per capita GDP, according to the World Bank, was US\$2,610 but in 1998 it fell by 1.4 percent. The Universidad del Pacífico has calculated that between January and September 1999 the GDP fell by a further 3.7 percent. Its current level is 10 percent below that of 1987. In the Upper Andes, where people live in dire poverty, per capita incomes are below one dollar a day.
4. Peru's per capita GDP is 83 percent of the average for the whole of the Latin American and Caribbean region. The country is ranked 80th among the 174 countries listed on the UNDP Human Development Index for 1998.
5. In 1997 there were about 12.3 million poor people in Peru (out of a total population of 25 million), of whom 3.6 million were living in extreme poverty. Urban poverty affects 35.3 percent of the population in the towns; rural poverty stands at 64.7 percent. The poorest areas are in the rural sierra, where the percentage of poor rises to as high as 68.1 percent.
6. In these areas, 76 percent of the illiterate population are women. Their participation in community bodies is low, despite their important contribution to agricultural production.
7. Up to 30 percent of the pre-school and primary education centres suffer from inadequate infrastructure, including drinking water, latrines and accommodation for teachers. This affects, *inter alia*, WFP assistance in terms of micronutrients under the school feeding programme PER 4808.00, which is in the same geographical area.
8. Peruvian agriculture has very limited possibilities for development. The average arable land per inhabitant is 1.5 ha, and per capita water availability is only 1,800 litres per year. Because of the high degree of soil erosion and adverse climatic events, productivity in the Upper Andean sierra is below 50 percent of the national average. Agricultural development depends upon adequate soil and water management in the Andean areas, which have the best potential for rainfed cropping.
9. The many problems facing the small-scale farmers' families living in micro-watersheds in the Upper Andes include low economic development and a high level of social exclusion,¹ which stem from the inadequate availability of internally produced food, insufficient incomes, the inefficient use of human resources, particularly of women, and the low level of participatory and strategic planning.

¹ See details in the problem tree in Annex III.



10. These problems, which are directly related to the central issue of the Upper Andean micro-watersheds, result in food insecurity, structural poverty, reduced development opportunities for women and children, and the temporary migration of men in search of monetary resources.
11. The micro-watersheds that the mission visited in January 2000 showed rapid ecological deterioration due to cyclical drought (El Niño), overgrazing and the drying-up of lake water, wells, and irrigation water sources. The population, the mission found, suffers from food insecurity. In the vast majority of cases, agricultural production is inadequate to provide people with food in sufficient quantities and of a sufficiently high quality to meet their requirements. In most of the micro-watersheds, the agricultural acreage for the average household of 5.5 members does not exceed 1–3 ha.
12. According to several different sources² and from the information gathered by the mission, the average gross annual income of each beneficiary family, including that from sales and for home consumption, is US\$540. This represents a gross monthly income of US\$45. It is estimated that between 20 and 40 percent of these small-scale farmers take off-farm jobs for two to three months a year, raising their annual incomes by about US\$300. It is at this time that the women play a major role in seeking to guarantee food security for their families, selling handicraft work, vegetables and some of the animals they have raised (their capital) in order to meet part of their requirements.
13. In the micro-watersheds the mission visited, the lack of drinking- and micro-irrigation water were mentioned repeatedly as the main problems, coupled with the need for small negotiable roadways to reduce isolation. The communities also need agricultural technical assistance and advice on animal husbandry. There are no possibilities of accessing financial services.
14. The mission noted that in all the micro-watersheds it visited there were young women with some education and great leadership capacity, thus indicating a potentially great development resource.
15. Some NGOs and governmental institutions have been working in a number of communities since 1993. In most cases, however, they have undertaken specifically targeted activities not linked to the needs of the population and therefore not sustainable.

PREVIOUS WFP ASSISTANCE

16. The present WFP portfolio comprises three projects valued at US\$46.7 million, implemented in different geographical areas of the Andean sierra and scheduled for completion by August 2000. These projects are PER 2341.02, Food Assistance to Women's Groups for the Development of Women's Micro-enterprises PER 4808, Food Assistance to Pre-school and Primary Schoolchildren in Rural Areas; and PER 5162, Ecological Rehabilitation of Andean Micro-watersheds.
17. The objectives of these projects are to strengthen women farmers groups, enhance women's social status, capacity and participation, and contribute to income generation (PER 2341.02); combat hunger, reduce anaemia and contribute to the improved learning capacity of pre-school and primary school pupils in the rural areas (PER 4808); and

² Analyses and participatory planning of several micro-watersheds carried out by PRONAMACHCS/World Bank/Japan.



encourage the participation of poor small-scale farmers in soil and water management and rehabilitation work, thus improving their organization, food availability and awareness of ecological problems in the micro-watersheds in which they live (PER 5162).

18. The October-November 1999 WFP evaluation mission was of the opinion that project targeting by districts could have been updated to comply with the 1998–2000 National Nutrition and Food Plan. The project made it possible for WFP to achieve some of the priorities and plans for combating food insecurity and rural poverty laid down by the Government. The mission advised WFP to continue with this aid, but suggested that it reformulate the design and context for implementing its projects. For example, in project PER 2341, the mission believed that the women's micro-enterprise programme should speak more realistically about income generation in the first phase, and link it to savings activities. Micro-enterprises in agricultural processing (milling, bread-making), the mission believed, should be strengthened based on positive experiences. The PER 5162 achievements, which include soil improvement, increased food production and improved diets for the beneficiaries, should be continued. The mission also recommended that WFP design a programme framework for the continuation of the activities of these three projects, locating it in the three poorest departments of the country, Apurímac, Ayacucho and Huancavelica.
19. According to the recommendations of the evaluation mission, the new integrated approach should be organized into phases. The first phase should relate to the activities currently being carried out under PER 5162 and PER 2341, while the activities of PER 4808 should be incorporated into the second phase. This proposed project (Peru 6240.00) incorporates these recommendations.

PROJECT OBJECTIVES AND EXPECTED OUTPUTS³

Long-term Objective

20. The project's long-term objective is to contribute to the sustainable socio-economic development of the people living in the Upper Andean micro-watersheds through the efficient use of natural resources and the enhancement of human capital.

Immediate Objectives

Objective 1

21. The first objective is to improve food security for small-scale farmers' families living in the project area. This will be done through a series of activities that will help reverse the current deterioration of natural resources, thereby making increased food production sustainable.

Outputs

22. The outputs will be implemented by the National Watershed Management and Soil Conservation Programme (PRONAMACHCS), with the support of the Compensation and

³ See details in the Project Logical Framework, Annex IV.



Social Development Fund (FONCODES) for some of the required investments. A small revolving seed stock, managed by the participants, is also envisaged. The outputs include the:

- a) introduction of integrated soil and water management and conservation in 32 micro-watersheds, including nurseries in the priority watersheds that will produce seedlings for environmental purposes and for the production of timber and fuelwood;
- b) development of localized artesian micro-irrigation to increase food production for human consumption and fodder for animal feed;
- c) provision of incentives for the production of seeds, plants and livestock for food production and the enhancement of soil and livestock management and conservation;
- d) introduction of a sustainable public and private agricultural technical assistance complementary service;
- e) creation and management of communal capitalization funds to introduce technology and increase food crop production; and
- f) rehabilitation and maintenance of access roads leading to production zones, and construction and other works to improve community support services.

Expected results

23. The outputs are expected to result in:

- a) 9,200 women and 8,800 men benefiting from food for work;
- b) an increase in agricultural and livestock per capita production by between 5 and 25 percent;
- c) a rise in access to food of between 5 and 25 percent;
- d) women playing a major role on food reception and distribution committees; and
- e) women being aware of the rations to which they are entitled and of how to use them in their homes.

Objective 2

24. The second objective is to raise the income levels of the small-scale farmers' families.

This objective will be achieved by encouraging savings, income-generating agricultural activities and the formation of micro-enterprises. This objective is targeted to women, and closely linked to Objective 1; it intends not only to raise the production of household food, but also to contribute to a sustainable increase in household incomes, thereby reducing the need for men to migrate every year in search of off-farm work.

Outputs

25. The outputs will be implemented by the National Food Assistance Programme (PRONAA), with support from specialized NGOs and institutions. Technical assistance funds have been budgeted for this purpose. Outputs for this objective include the:

- a) provision of training in the management and administration of revolving funds and the promotion of savings through the establishment of groups of 25 to 30 women (which can also include up to 10 percent men). Beneficiaries will receive food rations for participating in these training activities. A specialized NGO or other specialized institutions will be responsible for implementing these activities;



- b) preparation of an economic feasibility survey, including a market analysis, of the production activities that the women members require, and that will be supported by the project. These activities will relate to agricultural production, processing and marketing;
- c) formation of agro-industrial micro-enterprises with a legal personality. These micro-enterprises will be established in areas with economic potential and that already have the basic infrastructure needed for the carrying out of the selected production activities. The women members (and the men to a maximum of 10 percent) will receive the following financial and non-financial services:
 - i) savings, loans and the monitoring of loans until loan recovery under a financial service sustainability strategy (to be provided by a specialized NGO or institution);
 - ii) technical assistance and entrepreneurial training for a varying period of time depending on the type of activity (provided by specialists in the field contracted by PRONAA); and
 - iii) support to market the products of the micro-enterprises through specialized institutions.

Expected results

26. The outputs are expected to result in:
- a) 3,200 women and 320 men organizing in about 107 savings and revolving-fund groups;
 - b) 700 female and 70 male micro-entrepreneurs becoming members of 70 profitable micro-enterprises;
 - c) family incomes rising by between 5 and 25 percent;
 - d) manpower requirements increasing by between 20 and 50 percent;
 - e) temporary migration by the men being reduced by 10 to 30 percent; and
 - f) women's contribution to household incomes increasing by 30 percent.

Objective 3

27. The third objective is to increase women's participation in the project activities and decision-making structures.

Outputs

28. Women and some men will be given the opportunity to take part in the following activities:
- a) **Functional literacy courses (once a week).** These courses will be organized by literacy agents from PRONAA.
 - b) **Comprehensive training (2-3 hours/week).** Designed to include women in society and strengthen their citizenship capacity, this training will focus on issues relating to health, nutrition, the use and preparation of food, reproductive rights and household violence. It will be provided by the PRONAA women promoters. Training of trainers and development of materials are envisaged.

Expected results

29. The outputs are expected to result in:



- a) 4,000 women being trained in citizenship rights, health, nutrition, reproductive rights and coping with household violence;
- b) a 20 percent reduction in women's illiteracy;
- c) a 50 percent increase in the number of women participating in community tasks and organizations (at least 30 percent of the members of the project management committees will be women); and
- d) at least 25 percent of the food-for-work activities benefiting women and being controlled by them.

Objective 4

30. The fourth objective is to improve the education infrastructure in the smaller schools, thus improving school attendance.

Outputs

31. The outputs will be implemented by PRONAA using food for work and with funding from the National Educational Infrastructure and Health Institute (INFES). Outputs include the:
- a) rehabilitation and extension of the educational infrastructure of existing education centres;
 - b) provision of education centres with basic sanitation, infrastructure and drinking-water.

Expected outputs

32. Between 150 and 250 single-teacher rural schools, schools covering several grades and initial education centres will have been provided with an adequate and operational education infrastructure and basic sanitation facilities.

ROLE AND MODALITIES OF FOOD AID

33. The proposed food aid meets the development priorities discussed by the Executive Board at its 1999 annual meeting. These are to enable poor households to invest in human capital through education and training; make it possible for poor families to gain and preserve assets; and enable households that depend on degraded natural resources for their food security to acquire more sustainable livelihoods.
34. Food is a cost-effective input that enables beneficiaries to carry out soil conservation work, agricultural production, training and rehabilitation of the educational infrastructure. A family ration for 5.5 members will comprise 1,500g of cereals, 200 of mixed beans, 150 of dried fish/meat and 75 of oil. The same type of ration will be given to beneficiaries engaged in food-for-work activities as to those engaged in food-for-training (FFT) activities, as each requires the same time commitment. The ration is compatible with the local dietary habits. The market value of the daily family ration is US\$1.05, or 40 percent of a current daily wage in that area. The cost to WFP is US\$0.91 per ration.
35. The women and men taking part in the literacy, citizenship enhancement, entrepreneurial and technical assistance activities will receive food rations to compensate them for time devoted to training. In order to prevent dependency, food aid will not be continued once the formal micro-enterprises have been created.



36. Women will play a leading role in the food distribution committees and will be informed of the quantity and quality of the food to be received, thereby directly helping to improve household food security. Control over this important resource will also enable the women to enhance their role in society.
37. Imported wheat will be exchanged on a value basis for locally produced foodstuffs. Of the 21,000 tons of food required for distribution to the beneficiaries, 18,874 tons of it (16,367 of rice, 872 of peas and 1,635 of dried meat or dried salted fish) will be purchased locally, while 2,126 tons of it (1,308 of peas and 818 of oil) will be imported by WFP. The c.i.f. cost of the three products to be purchased locally is estimated at US\$2,569/ton (if they were imported, the cost would be US\$2,685/ton, FOB cost). The country office will review this economical approach annually.
38. WFP's experience in Peru has demonstrated the effectiveness of exchanging wheat for local food, cutting the costs of internal transport for local purchases produced close to the distribution sites. The purchase of local food is also a means of creating markets in depressed areas and improving the bargaining positions and incomes of small-scale producers.

PROJECT STRATEGY

Implementation Strategy

39. This integrated development project is based on the development of the micro-watershed as the main activity. The components of the project include agricultural production; training women to strengthen their citizenship capacity, savings and the development of selected micro-enterprises; and improving the education infrastructure, including basic sanitation.
40. Since the vulnerability analysis and mapping (VAM) unit in Peru is at its initial stage, targeting was done in compliance with the 1998–2000 National Nutrition and Food Plan, in which the poorest food-insecure localities have been prioritized. The evaluation mission's recommendation that WFP concentrate its efforts in the poorest rural zones of the Andean departments of Apurímac, Ayacucho and Huancavelica was also taken into account. At the level of micro-watersheds, PRONAMACHCS divided the territories, so that some watersheds are being assisted with Japanese funding, some with World Bank funding and others by this project. In all cases, PRONAMACHCS will apply the methodology successfully developed and tested by WFP project PER 5162. The project will carry out its work in the geographical environment of 32 Andean micro-watersheds in the departments of Apurímac, Ayacucho and Huancavelica. Activities will be performed in all of the 547 communities and small-scale farmer organizations in these micro-watersheds.
41. The 32 micro-watersheds will be classified as:
- a) *A micro-watersheds*. These are the micro-watersheds in which activities will be performed and investments made so that at the end of the project they will be fully covered in all aspects. Each PRONAMACHCS local sub-unit will implement activities for one watershed in this category. It is estimated that seven micro-watersheds fall into this category. The selection criteria for them will be the area in which they are located, their potential accessibility, area poverty levels, the level of cohesion, their organization and the willingness of the local communities and small-scale farmer organizations to take part in the project.



- b) *B micro-watersheds*. B micro-watersheds are those that because of certain constraints are not likely to be fully covered by the end of the project. Activities for these micro-watersheds will focus on providing comprehensive care to the communities, within the budgetary constraints of the project. It is estimated that there will be about nine B micro-watersheds.
 - c) *C micro-watersheds*. These micro-watersheds will be used for demonstration. There are estimated to be about 16 micro-watersheds in this category.
42. All of the activities under the project will be carried out in a participatory manner. The beneficiaries, men and women, will be actively involved in carrying out the basic surveys, establishing multi-year activity plans and in monitoring and evaluation. These activities will have a gender focus and will use instruments that can collect both qualitative and quantitative information. Particular emphasis will be placed on training for functional literacy and issues related to health and nutrition.
43. The project activities will begin only after the participatory diagnostic studies have been completed, together with the basic surveys and the multi-year planning of the micro-watersheds. The monitoring and evaluation system, together with indicators needed to show the project's effects on the lives of the beneficiaries, will also be established before the initiation of the project.

Food Logistics

44. PRONAA will be responsible for customs clearance and the internal transport to central and regional stores of the food to be distributed directly and for the sale of wheat, in bulk or in exchange for commodities. Local products will be purchased mainly from the small-scale farmer organizations. Secondary food distribution will be organized for the beneficiaries. WFP food will be shipped annually based on the requirements set out in the plans of work.

Generated Funds

45. The funds generated from the sale of products supplied by WFP will be deposited in an interest-earning savings account, denominated in United States dollars, to be managed by WFP through a system of trustee funds until they can be used to purchase local food for distribution.
46. A credit fund will be established (with part of the balance of the government funds available at the end of project PER 2341.02) to develop income-generation and micro-enterprise groups. This fund will be administered by one or more specialized financial institutions selected by a joint agreement between PRONAA and WFP.

Institutional Arrangements

47. A micro-watershed planning and management committee will be set up, representing all the communities and small-scale farmer organizations in the micro-watershed that have signed a contract to take part in the project. With the support of PRONAMACHCS and PRONAA, this committee will draft its strategic plan and its annual plan of operations. On the basis of the latter, specific contributions will be requested from other entities, such as INFES and FONCODES, depending on the requirements of those entities regarding project profile preparation. This plan of operations will form part of the annual strategic plans of the micro-watershed districts.



48. Departmental coordination committees will be set up at the decentralized level, with participation by the departmental head of PRONAMACHCS, the head of each government unit where the project will be operating and the head of the operational units of PRONAA. Representatives from FONCODES, INFES, the Ministry of Education, NGOs operating in the area and, where necessary, the authorities of the local governments will also be invited.
49. At the national level, the Coordination Secretariat, comprising PRONAA, PRONAMACHCS and WFP, will discuss at monthly meetings the operational issues of common concern, including acting in conjunction with other agencies and under strategic alliances, and will provide all the necessary support to ensure the sound implementation of the project.
50. The Secretaría Ejecutiva de Coordinación Técnica Internacional del Consejo de Ministros de la Presidencia (SECTI) will be responsible for coordinating policy issues of relevance to the project, convening six monthly meetings and ad hoc meetings with representatives from the Ministry of Agriculture, the Ministry for the Advancement of Women and Human Development (PROMUDEH), the National Programme for Food Assistance PRONAA, PRONAMACHCS and WFP.
51. The project will be implemented by PRONAMACHCS and PRONAA. PRONAA will be responsible for implementing the citizenship advancement, savings and micro-enterprise development and education infrastructure components. PRONAMACHCS will be responsible for implementing the activities forming part of the agricultural production component. Their respective responsibilities will be clearly set out in an operations manual, which will be prepared before the beginning of project activities.

Phasing Out

52. In these poor and remote areas, which have been absent of capital investment for a decade as a result of terrorism, the development process will probably be long term. As soon as the sustainability scheduled for the neediest (type-A) micro-watersheds has been achieved, the programme will be able to assist the other needy micro-watersheds. For types B and C, a yearly assessment of progress and participatory design of the new year's work plan will be done.

BENEFICIARIES AND BENEFITS

Targeting

53. The total target population for the project will be 20,500 households, totaling 115,490 people suffering from food insecurity. This population will be selected according to "poverty levels" within the watersheds. Most of these beneficiaries cultivate rainfed plots of 1–3 ha, with extremely poor soils and low productivity and to which they have no official title.
54. The direct beneficiaries of this component will be about 18,000 families, who will receive food for work during implementation of the project.
55. The food-for-work rations will be distributed to about 9,200 women and 8,800 men in exchange for their labor, for a total of 9,844,256 rations, making 137 family rations per beneficiary per year for a four-year period, with an annual market value of US\$144. The



population advised the mission on the priority activities needed over a five-year period for a total of 10,902,736 food rations to be distributed.

56. The beneficiaries also helped design the technical and financial assistance that will enable them to improve their food security and raise household incomes through soil conservation, micro-irrigation, rangeland and livestock rehabilitation and the management of about 100,000 ha and the production of 15,000 ha of miscellaneous food crops.
57. Training will be provided to 205 community technical promoters, who will each be given 300 food rations per year as an incentive to provide technical assistance and agricultural extension services to the small-scale farmers.
58. The education infrastructure component of the project will be allocated food for work for 2,500 people, of whom 1,200 will be women and 1,300 men. The improved facilities will benefit the people who have settled in areas in which the project is being implemented. It is estimated that approximately 7,500 children will benefit over the five-year period during which 250 pre-school and primary education centres will be rehabilitated, extended and have their sanitation facilities improved.

Anticipated Effects of the Project on Women

59. The wider participation of women in the efficient and effective management of the food-for-work scheme will be an additional benefit, complementing other activities.
60. Functional literacy training will benefit 4,000 illiterate and semi-literate women in the project zone. At the request of some of the men in the extremely poor micro-watersheds, it is estimated that about 400 men will also benefit from the literacy courses. These weekly courses will be conducted by about 200 women rural promoters, who will be trained by PROMUDEH. The rural promoters will receive a government monthly bonus payment of US\$70 and will be provided with training workshops, specialized materials and supervision by and technical support from PRONAA personnel. Beneficiaries participating in these courses will receive one family ration to make up for each lost working day.
61. The training package on citizen rights will benefit at least 4,000 women. These women will be taught issues relating to health care, hygiene, nutrition, reproductive rights, household violence and citizen rights. The scheduled courses, talks or workshops will be conducted by 100 women promoters, who will be trained by PROMUDEH and receive food rations in exchange for their work.
62. At least 3,200 women and 320 men will receive training in working groups to encourage savings and micro-credit for income-generating activities. It is estimated that these women will be able to increase their contribution to the household income by about 30 percent, while enhancing their personal skills and capabilities, increasing their self-esteem and improving their leadership and managerial skills.
63. About 700 women and 70 men with enterprising spirits will be given technical assistance and additional training, complemented by micro-credit, to set up about 70 sustainable agro-industrial micro-enterprises, thereby contributing to the economic revival of the area and the creation of jobs.



64. The summary of the beneficiaries by component is as follows:

Activities	Participants		Food beneficiaries	
	Men	Women	Men	Women
Food-for-work* in agricultural production	8 800	9 200	36 000	54 000
Income-generating activities	320	3 200	320	3 200
	70	700	70	700
Training activities				
– functional literacy	400	4 000	400	4 000
– citizen rights	-	4 000	-	4 000
– technical promoters	250	50	250	50
School infrastructure	1 300	1 200	5 000	7 500
Subtotal	11 140	22 350	42 040	73 450
Total	33 490		115 490	

- In the food-for-work activities, a “family ration” allots food for five individuals.

PROJECT SUPPORT

65. INFES and FONCODES will co-fund the project, for which there will be interagency agreements. INFES will provide materials, technical assistance and supervision for the rehabilitation and extension of education centres. FONCODES will finance productive and social investment.
66. Within a framework that gives priority to a population that has hitherto been excluded from the sustainable development process and strategic planning by local governments, there are very good prospects for interagency cooperation. PRONAA and WFP will coordinate with the United Nations Children’s Fund (UNICEF) and the United Nations Population Fund (UNFPA), who have been working with PROMUDEH to train women leaders, literacy promoters and citizenship promoters.
67. The German Agency for Technical Cooperation (GTZ) is implementing a number of programmes jointly with PRONAMACHCS that could be exploited by this project. These include a national strategy to train PRONAMACHCS personnel at all levels and an analysis of gender issues that will help define the concrete activities that will benefit rural women.
68. The European Community has also financed the participatory drafting of operational plans in 70 districts in the departments of Apurímac, Ayacucho and Huancavelica as part of the current EU strategy to support food security by strengthening local development.
69. The International Labour Organization (ILO) has also expressed interest in this project, noting that it might be extremely beneficial for the exchange of ideas and methodologies.



Monitoring and Evaluation (M&E)

70. Monitoring and evaluation of the project's activities will be carried out with the implementation of a comprehensive information system that will generate the baseline data needed to determine indicators for measuring the progress, outcome and compliance with gender commitments, together with the gender breakdown of the agents, participating farmers and beneficiaries of each activity.
71. Impact assessment studies carried out during the earlier project showed the incomplete nature of the initial baseline survey. As per the recommendation of the evaluation mission, a thorough baseline study will be done over three years in all 32 watersheds in order to facilitate the results-based reporting needs.
72. Progress indicators will be elaborated mainly by using data from the six monthly and quarterly progress reports on food and fund movements that the implementing agencies and co-financiers will be expected to produce. This data will complement the output of the monitoring and supervision activities.
73. The impact and outcome indicators used to measure the accuracy with which the results set out in the logical framework for each project objective have been defined (see details in Annex IV: Logical Framework) will be derived from basic surveys and studies, estimates produced by computerized simulations of plot models, focus groups, regular surveys and evaluation reports.
74. The surveys will be conducted with a sample of the beneficiaries living in the three types of micro-watersheds. Case studies will also be carried out examining the key issues of each of the three components that make up the project.

PROJECT FEASIBILITY AND SUSTAINABILITY

Technical Feasibility

75. The mission found that the work norms for the project activities were generally appropriate for the features of the land and the working conditions that exist at the various sites in the region.
76. Due to the importance of rangeland and livestock rehabilitation and management to the project, the mission made a special effort to devise working standards for activities of this kind. A similar effort was made for artisanal micro-irrigation. In each case, the mission devised cautious standards, allowing that the necessary adjustments would be made while the project was in progress.
77. The technical feasibility of the animal-raising component depends on rapidly increasing pastureland and animal feed through recommended measures. This should be combined with measures to boost the technical assistance provided by PRONAMACHCS with the involvement of young technical promoters.

Economic Feasibility

78. It was not possible to carry out a detailed economic/financial analysis of the plot models that will be supported by the project, but calculations using the FARMOD programme on similar WFP projects implemented in Guatemala and Nicaragua have estimated that the internal rates of return will exceed the opportunity cost of capital in the rural areas. Based on Peru 5162 phase one experience, the food production will increase by 450 kg per year



per family—a 17.6 percent overall agricultural production increase. Male migration in search of off-farm work is expected to decrease by 50 percent.

79. There is no justification for extrapolating precise short-term economic rates of return on investment and expenses for new micro-enterprises in poor rural areas. These investments must be considered part of the learning process in business skills, linked to agricultural processing and marketing.
80. The enhanced value of these activities must be gauged by quantifying the increase in the value of human capital from the incorporation of fresh knowledge and new skills by those engaged in the micro-enterprises, and the reduced burden on public resources by the unemployed.

Social Feasibility

81. The mission observed that the small-scale farmers in the micro-watersheds showed great interest in taking part in the project, and that the local and regional government authorities were ready to pool their efforts to achieve the set objectives. The project's participatory and gender approach, coupled with its a strategy of providing training on all fronts, will help to guarantee the social feasibility.

Environmental Considerations

82. From the environmental viewpoint, the land will be enhanced by the terraces created, the trees planted, the soil erosion prevented and the crops rotated. Used land will be recovered. Water harvesting techniques (dams, dykes, water source management, infiltration, percolation devices and water catchment ponds) will create the base for more food production and a better environment.
83. Possible negative repercussions include:
 - a) increased soil salinity caused by poor management;
 - b) soil erosion caused by flash floods and overgrazing and topsoil loss; and
 - c) pesticide abuse and fertilizer overuse.

Sustainability

84. Post-project sustainability will be guaranteed if it is possible to strengthen the human capital, particularly the women, the farmer organizations in the micro-watersheds and participatory planning. As mentioned in the Project Support section, the necessary steps will be taken to ensure effective inter-agency cooperation and to secure funds from other sources. Another factor in guaranteeing sustainability is the project's success in encouraging farmers' families to adopt technology that solves problems caused by an inefficient rangeland and livestock management system and the lack of localized irrigation solutions. This is why the training activities are to be given special consideration and support.
85. The activities in the seven micro-watersheds that will be comprehensively and completely covered by the project should reach full sustainability because the increased production resulting from the agriculture component together with the effects of the other components should bring about changes in the local mentality and produce the financial surpluses needed to enable the farmers and their organizations to finance their own activities.



86. The level of sustainability of the B and C micro-watersheds and the micro-enterprises will depend on the success of the A micro-watersheds. The demonstration effect will act as an incentive to increase the participation of the producers in carrying on with the same tasks, and playing a larger part in financing them.
87. It is necessary to bear in mind that recovering the lost or unexploited potential of natural and human resources is a long-term task and normally requires periods of support in excess of five years.

Risks

88. The greatest risks to the project have to do with possible climatic or natural phenomena that can have a major effect on agricultural production, as occurred in 1998 and in prior years. Normal progress in implementing the project could be hampered also by any major changes in the functions or budgets of the institutions implementing or co-financing the project.
89. Another critical aspect is that the agro-industrial activities require an adequate marketing strategy; support for this has been included in the project budget.

DISINCENTIVES, DISPLACEMENT AND DEPENDENCY

90. The food to be distributed by the project will be local food purchased from producers in the same project zone or bought in other food-producing areas of the country, which will encourage farmers to raise the national output. Food distribution will not discourage local production because the period when the food will be distributed will be chosen to coincide with periods of low production because of a lack of rainfall.
91. The project will import 10,849 tons of wheat per year, making a total of 54,249 tons. Peru is not a wheat-producing country and has to import 92 percent of its wheat requirements. Wheat imports in 1997–1998 totaled 1.15 million tons. The imports under this project will make it possible to save some of the scarce foreign exchange that is necessary for the economic and social recovery programmes.
92. The project will not generate a dependency on food aid mainly because one of its immediate objectives is to increase the food production of small-scale farmers' families by developing a new production system that is more efficient and sustainable, and also because the project's actual duration will be short.

PROJECT COSTS

93. Annexes I and II include a detailed project cost budget.

COORDINATION AND CONSULTATION

94. This project is consistent with the decision adopted by the United Nations agencies in Peru to harmonize the programming cycles for the year 2001. The Common Country Assessment (CCA) was drafted in 1998 with the participation of all the United Nations



Development Group agencies and the Government of Peru, which endorsed it in April 1999.

95. The CCA raises the following major issues regarding WFP's priorities: a) the need to combat social exclusion, b) the need to broaden access to the opportunities and benefits provided by economic growth and c) the need to strengthen mechanisms for adequate environmental conservation and the rational use of natural resources.
96. Last October, the first steps were made to draft the United Nations Development Assistance Framework (UNDAF) with the setting-up of a steering committee and a technical multi-agency team, which have already drafted a work plan and a timetable of activities. It is hoped that this framework will be completed before the end of 2000. WFP will play an active role in the UNDAF process.
97. IFAD's experience in phase one was effective in providing loan opportunities. IFAD worked closely with the appraisal mission, offering their ideas for and experiences in identifying contracts within the framework of income-generating activities. IFAD is considering extending a new "economic corridor" project in a nearby area to this project area.
98. Close coordination among the agencies implementing the project is essential for guaranteeing the maximum impact of WFP assistance. The Executive Secretariat of International Technical Cooperation (SECTI), as an international technical cooperation coordinating body, will play an important role in ensuring that the equipment and materials for the work to be implemented are appropriately complementary.
99. The project will also be coordinated with the municipal authorities and a number of local NGOs to complement the project activities.

RECOMMENDATION OF THE EXECUTIVE DIRECTOR

100. The project is recommended for approval by the Executive Board within the budget provided in Annexes I and II.



ANNEX I

PROJECT COST BREAKDOWN			
	Quantity (tons)	Average cost per ton	Value (dollars)
WFP COSTS			
A. Direct operational costs			
Commodity ¹			
– Wheat	54 249	130	7 052 370
– Vegetable oil	818	810	662 580
– Peas	1 308	400	523 200
Total commodities	56 375	1 340	8 238 150
External transport		44.05	2 483 424
Other direct operational costs			300 800
Subtotal direct operational costs			11 022 374
B. Direct support costs (see Annex II for details)			
Subtotal direct support costs			2 069 000
C. Indirect support costs (7.8 percent of total direct costs)			
Subtotal indirect support costs			1 021 127
TOTAL WFP COSTS			14 112 50

¹ This is a notional food basket used for budgeting and approval purposes. The precise mix and actual quantities of commodities to be supplied to the project, as in all WFP-assisted projects, may vary over time depending on the availability of commodities to WFP and domestically within the recipient country.



ANNEX II

DIRECT SUPPORT COSTS (<i>dollars</i>)

Staff costs

International P4	717 500
National professional officers NO	237 500
Local staff and temporaries GS	210 000
Subtotal	1 165 500

Technical support services and training

Management and implementation of the savings- and income-generating component	360 000
Formation and development of micro-enterprises	83 000
Project monitoring and evaluation	120 000
Training of counterparts on gender and citizen rights	25 000
Functional literacy for women: training of trainers and development of materials	230 000
Subtotal	818 000

Travel and DSA

In-country travel	80 000
Subtotal	80 000

Vehicle operation

Fuel and maintenance	6 000
Subtotal	6 000

TOTAL DIRECT SUPPORT COSTS	2 069 000
-----------------------------------	------------------



ANNEX III



ANNEX IV



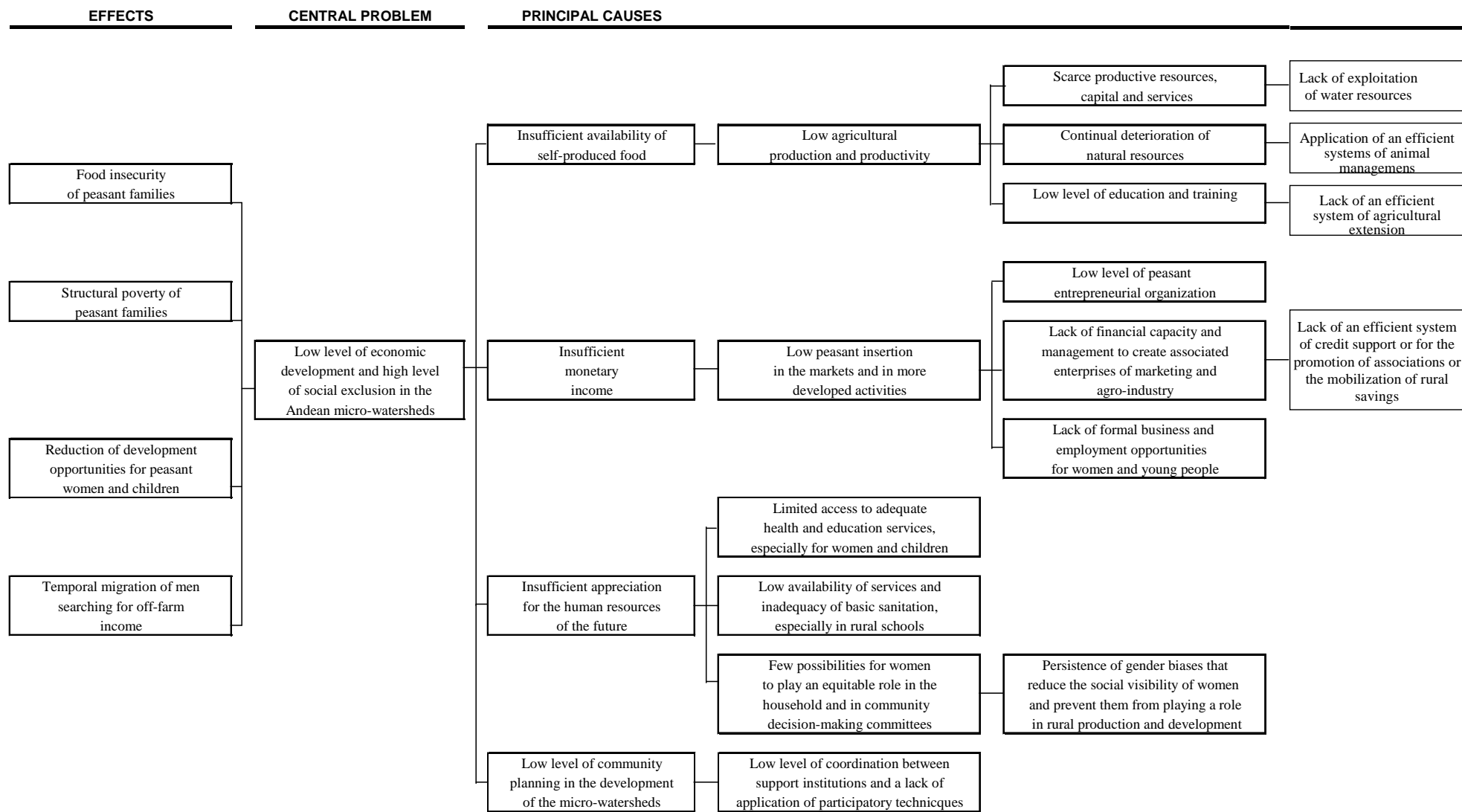




ANNEX V



PROBLEM TREE



LOGICAL FRAMEWORK

Objective	Results	Process and success indicators	Measurement
Long-term objective			
To contribute to the sustainable socio-economic development of the inhabitants of the Andean micro-watersheds through the constant appraisal and efficient use of the human and economic resources.			
Immediate objectives			
1. To improve food security of the peasant families	<ul style="list-style-type: none"> • Per capita agricultural production increased by between 5 and 25 percent • Access to food increased by between 5 and 25 percent • 9 200 women and 8 800 men benefiting from-food for- work • Women participating in the majority of the reception and food for work committees • Women being aware of the rations they have the right to receive and of how to make use of them at home 	<ul style="list-style-type: none"> • Total availability of food • Consumption of purchased food • Number of men and women who have taken part in food-for-work activities • Number of women supervising food distribution • Percentage of women who know the quality and quantity of the products they have the right to receive • Home use of food 	<ul style="list-style-type: none"> • Baseline studies • Estimations made by means of simulative models by the FARMOD programme • Case studies • Reports from PRONAMACHCS • Reports from PRONAA and PRONAMACHCS • Surveys, interviews and focus groups • Project evaluation reports
2. To increase the income level of the peasant families	<ul style="list-style-type: none"> • Family income increased by between 5 and 25 percent • Labor requirements increased by between 20 and 50 percent • Male temporal migration decreased by between 10 and 30 percent 	<ul style="list-style-type: none"> • Total family income • Number of part-time or full-time jobs created • Percentage of reduction in temporal and permanent migration of men and women 	<ul style="list-style-type: none"> • Estimations made by means of simulative models by the FARMOD programme • Reports from PRONAMACHCS and PRONAA • Baseline studies regarding income level and temporal or permanent migration

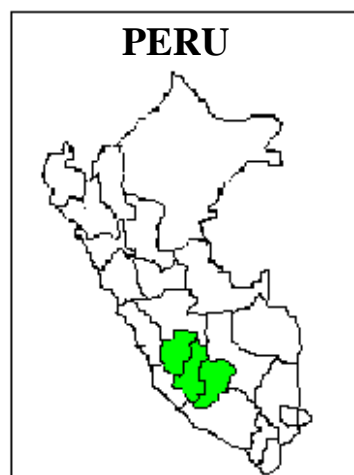
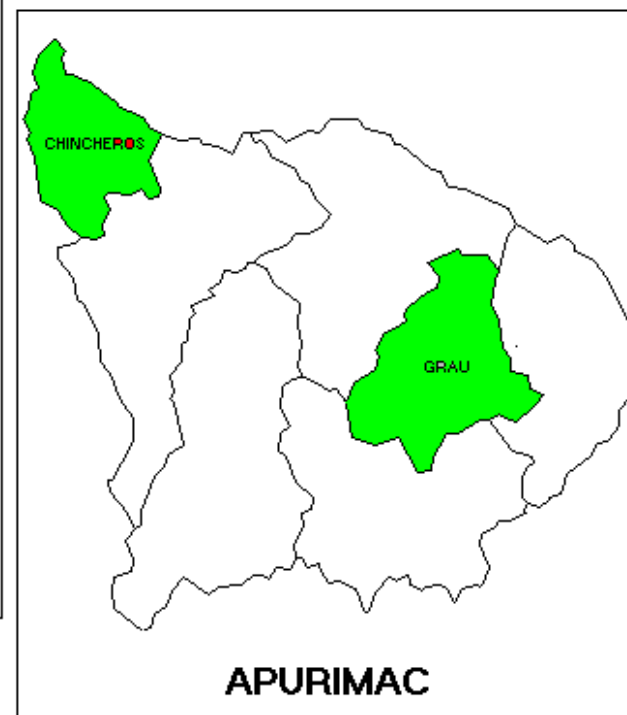
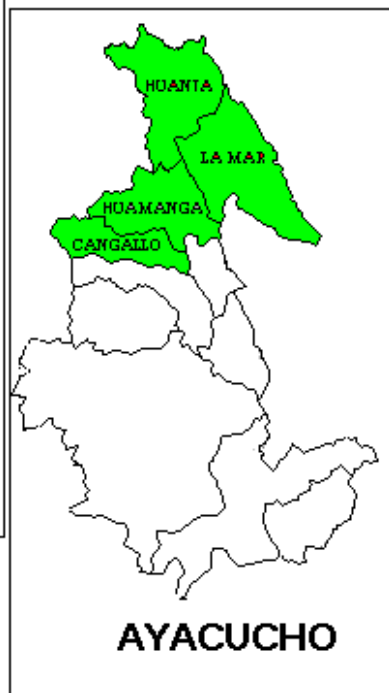
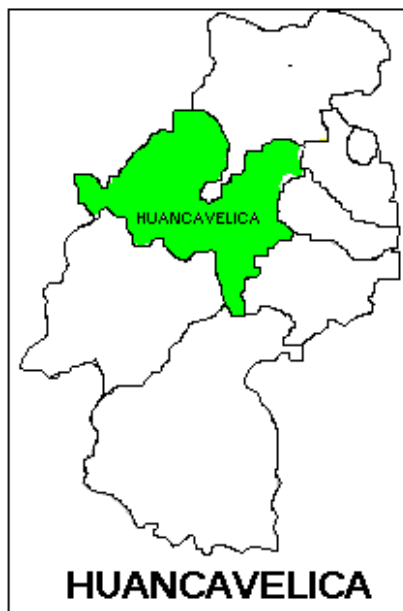
LOGICAL FRAMEWORK

Objective	Results	Process and success indicators	Measurement
	<ul style="list-style-type: none"> • Women's contribution to the family income increased by between 10 and 30 percent • 3 200 women and 320 men organized in 107 groups of savings and revolving funds • 700 women and 70 men trained managers as and members of 70 micro-enterprises 	<ul style="list-style-type: none"> • Average annual income of women participating in the project • Number of rural banks created and number of participants, by sex and by micro-watershed • Average savings and micro-loans portfolio, by rural bank and by micro-watershed • Number and condition of the micro-enterprises created; number of male and female members, by activity and watershed 	<ul style="list-style-type: none"> • Surveys and focus groups • Baseline studies • Reports from PRONAA and PRONAMACHCS • Reports from PRONAA/ONG • Reports from PRONAA/ONG • Reports from PRONAA/ONG
3. To increase women's participation in project activities and in the decision-making committees	<ul style="list-style-type: none"> • Female illiteracy reduced by about 20 percent • Percentage of women participating in community works and organizations increased by 50 percent • 25 percent of the food-for-work activities directly benefiting women and being supervised by them 	<ul style="list-style-type: none"> • Number and percentage of literate men and women, by watershed • Functional use of literacy skills • Type of activities selected • Number of women participating and resources assigned • Benefits created • Type of control carried out by women • Number of participatory diagnoses made, with identification of women's practical and strategic requirements 	<ul style="list-style-type: none"> • Reports from PRONAA/PRONAMACHCS • Surveys, focal groups • Reports from PRONAA/PRONAMACHCS • Focus groups

LOGICAL FRAMEWORK

Objective	Results	Process and success indicators	Measurement
	<ul style="list-style-type: none"> • 4 000 women trained in citizen rights, health, nutrition, reproductive rights and family violence issues • At least one third of the directive positions in the committees created by the project being women 	<ul style="list-style-type: none"> • Number of women regularly attending training • The extent to which beneficiary women consider that their condition, power and economic situation have improved • Number and percentage of women who participate in each committee, by watershed • The extent to which women express their opinions on and exert influence over the actions of the committees • Type of proposals raised by women and put in practice 	<ul style="list-style-type: none"> • Focus groups • Baseline studies • Focus groups • Reports from PRONAA/PRONAMACHCS; supervision • Baseline studies • Direct observation; focus groups • Surveys; focus groups
4. To improve the educational infrastructure in small schools	<ul style="list-style-type: none"> • Between 150 and 250 of the rural one-teacher and multi-grade schools of the pre-primary and primary type having adequate working educational and basic sanitary infrastructures 	<ul style="list-style-type: none"> • Number of schools and type of physical infrastructure improved 	

PERU 6240.00 - PROJECT INTERVENTION AREAS



The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the World Food Programme (WFP) concerning the legal status of any country, territory, city or area or of its frontiers or boundaries