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PROGRESS REPORT ON DEVELOPMENT PROJECT PERU 5162.00

Ecological Rehabilitation of Andean Micro-watersheds

Date approved	4 June 1993
Date plan of operations signed	15 September 1993
Date letter of readiness accepted	28 December 1993
Date of first distribution	1 July 1995
Duration of WFP assistance	Four years
Duration of project as at 31/12/98	Three years, six months

Cost (United States dollars)

Total cost to WFP	9,400,000
Total food cost	7,400,000

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PURPOSE OF THE PROJECT AND OF WFP ASSISTANCE

1. The project seeks to redress serious ecological damage in 65 Andean micro-watersheds. Such damage was caused by several years of drought, alternating with frost and floods. It also seeks to enhance agricultural productivity by developing 1,931 hectares of seed farms and 7,000 hectares for the production of Andean food crops. Beneficiary farmers participate in training and transfer of technology programmes.
2. The project's biodiverse micro-watersheds are located in six departments: Cajamarca, Cusco, Puno, Arequipa, Moquegua and Tacna, at altitudes ranging from 2,800 to 4,500 metres above sea level where, according to poverty maps, the country's poorest people live. It is estimated that at least 80 percent of the target population is indigenous.

Long-term Objectives

3. The project's long-term objective is to increase and sustain food supply and to strengthen farmers' organizations.

Immediate Objectives

4. The immediate objectives are to:
 - a) recover and increase the productivity of soil and water resources;
 - b) create a network of seed farms for Andean crops;
 - c) establish community-based and managed revolving credit funds for food production activities; and
 - d) provide training on improved practices in Andean crop management and production, soil conservation and other productive activities.

IMPLEMENTATION

5. The project was approved by the Committee on Food Aid Policies and Programmes (CFA) at its Thirty-fifth Session in 1993, with the recommendation that men's and women's basic needs in the management of micro-watersheds be taken into consideration. To carry out this recommendation, the country office received support from the Dutch Quality Improvement Grant. Moreover, in agreement with the Government implementing agency, the NGO CENTRO was appointed to introduce a gender mainstreaming programme within the project's activities. This consultancy started in June 1994 and lasted 24 months, for a total cost of US\$217,000 (US\$187,000 from the Dutch Quality Improvement Grant and US\$30,000 from the Government of Austria). The programme included advocacy, sensitization activities, development of training materials and training at the national and local levels, including for government technicians and beneficiaries.
6. The Ministry of Agriculture's National Programme of Watershed Management and Soil Conservation (PRONAMACHCS) implements the project. The National Food Assistance Programme (PRONAA) of the Ministry of Promotion of Women and of Human Development (PROMUDEH), handles logistics. A National Committee, responsible for overall policy and planning, is composed of the Vice-Minister of Agriculture (Chairman), the WFP Representative, the Executive President of PRONAA, and the Executive



Directors of PRONAMACHCS and the IFAD-funded project "Technological Transfer to Highland Peasant Communities" (FEAS). A Technical Secretariat, comprising technicians of PRONAA, FEAS and WFP, reports to the National Committee. Six departmental committees ensure local planning on the basis of beneficiary needs assessments.

7. The project is implemented by 90 full-time professionals who ensure technical assistance, training as well as monitoring and reporting. These include ten staff from five local NGOs. There are also 150 part-time staff.
8. In addition, the FEAS project provides 45 agricultural extension workers in 19 micro-watersheds. WFP gives food incentives to students in agricultural institutes supported by FEAS.
9. Sixty-four community-based revolving credit funds have been established, most of which have increased their initial financial base. PRONAMACHCS is preparing formal guidelines for the management of revolving funds and is organizing a refresher training programme.
10. During the project's life, approximately 56,600 peasant families will receive food for work in soil and water conservation activities; another 3,800 will participate in seed farm schemes; and a further 7,000 will obtain revolving fund support. In addition, 1,000 agricultural school students will receive food for practical training.

FOOD MANAGEMENT

11. As a result of the late arrival of the first WFP wheat shipment, as well as the process of monetization and local purchase, there was an 18-month delay in the project's first distribution.
12. Food acts as an incentive for communal, food-for-work activities and for agricultural students. The daily family ration consists of: 1,500 grams of cereals, 200 of pulses, 150 of dried meat and 75 of oil/edible fat.
13. The original WFP commitment was 48,115 tons of wheat and 765 of vegetable oil. After three budget revisions, the commitment is currently 40,423 tons of wheat, 572 of vegetable oil and 1,176 of edible fat. These revisions were necessary because the food products requested were not available. As at 31 December 1998, the project had received 58 percent of the wheat and 99 percent of the vegetable oil and edible fat. Wheat monetization and interest proceeds at that date amounted to US\$5.8 million. Of this amount, US\$4.3 million was disbursed for the local purchase of 9,101 tons of cereals, pulses and dried meat/fish; 1,010 tons of edible fat is being exchanged locally for cereals and pulses. A further US\$800,000 of monetized funds was used for a revolving credit scheme and US\$700,000 for seed nurseries.
14. During 1998, owing to the unavailability of wheat for monetization, the project had to borrow resources from project Peru 2341.00, (the equivalent of 8,000 tons of wheat) to purchase local products for the 1998 requirements. The CFA approved monetization for such purchases.
15. PRONAA manages seven warehouses: one in Lima and six in the targeted departments. Imported food reaches regional warehouses from where, together with locally purchased food products, it is shipped to final delivery points. Local purchases represent 89 percent of



total distribution. The Government covers all internal transport, storage and handling (ITSH) costs.

16. Food distribution started well but in 1997 delays occurred because of problems related to the Government's centralized food purchasing system. This system has now improved with the creation of 17 regional purchase committees.
17. Post-c.i.f. losses amounted to 0.448 tons of oil and 0.646 tons of dried fish, representing 0.08 percent of distribution. Losses occurred during internal transport and handling and, in the case of the dried fish, were reimbursed by the Government. Monetization, with the consequent purchase of food close to distribution points, has led to minimal post-c.i.f. losses.

GOVERNMENT'S CONTRIBUTION

18. The Government is fulfilling its obligation for personnel, equipment, logistics, technical assistance and monitoring. Of the US\$4.4 million Government expenditure specified in the plan of operations, US\$3.4 million was disbursed as at 30 September 1998 (77 percent of target). The Government has also provided US\$300,000 in non-food items for irrigation works and warehouse construction.

EXTERNAL ASSISTANCE

19. In addition to the US\$217,000 from the Dutch and Austrian Governments to finance the gender consultancy, agricultural tools valued at US\$224,491 were donated in 1994 by the Government of Norway for soil conservation works. A further US\$23,266 was provided in 1998 by the Government of Sweden for small-scale watering systems.
20. In 1997, to overcome WFP commodity shortfalls, the European Union (EU) contributed to the project 2,000 tons of food valued at US\$960,000. In 1998, EU again contributed US\$250,000 to purchase mainly organic fertilizers which were used as an incentive for the construction of 108 community warehouses for food storage, benefiting 1,620 families, 292 of which are headed by women.

ASSESSMENT

21. The project is running smoothly. Beneficiaries actively participate in community project management committees established in each micro-watershed, plan activities, and manage revolving funds. Seed-plots are producing improved seed.
22. As at 31 December 1998, 38,204 families, 18 percent of which headed by women, benefited from project activities (67 percent of target). Technical assistance reached at least one member of each family. Training was provided to: 65 community leaders (13 women) in soil conservation (108 percent of target), another 325 (49 women) in site surveys (250 percent of target), 130 (117 women) in seed plots (197 percent of target), and 720 (57 women) in revolving fund management (114 percent of target). In addition, 7,400 families received in-kind credit for seed, fertilizer and pesticides (106 percent of target). Also, within the collaboration with the IFAD/FEAS project, 1,700 agricultural students, 530 of whom were women, received food for practical training.



23. Project activities follow annual work plans. Outputs often surpass targets. Thus reforestation reached 225 percent of the target and progressive terraces 245 percent. The achievement rate of other activities ranges from 38 to 98 percent. Two activities are significantly below target: river-bank protection (11 percent) and grass-land improvement (9 percent) because communities chose to prioritize terrace construction considering the scarcity of arable land in project areas.
24. About 5,500 hectares of smallholder agricultural land have been improved and 10,700 hectares have been reforested. In addition, at least one member of each participant family has received technical training in soil conservation, a key to project sustainability. The improved land has increased smallholder farmer production by about 17,000 tons a year in the project area. This means an average increased production of 450 kg per family, which has a direct impact on household food security.
25. Women are central to the project's strategy and participate in all of its activities. Women's skills in reforestation, particularly tree nursery management, have resulted in notable progress against targets. A 1997 study showed, however, that only 18 percent of community management committee members were women. By the end of the project, female membership on these committees is targeted to rise to over 30 percent. One difficulty in meeting this goal is the high illiteracy rate of women in highland areas and a related lack of self-esteem. Women's membership on these committees is promoted as part of the training process.
26. The project was included in several comparative thematic studies conducted by the Office of Evaluation (OEDE), which included one on soil conservation in March 1997. This study concluded that food for work is effective for soil conservation activities because of its incentive value, and that WFP should continue to prioritize soil conservation activities.

Impact Evaluation

27. In 1996, WFP Peru began a basic shift away from simply measuring a project's "physical achievements" to measuring socio-economic change from the perspective of WFP's clients—its beneficiaries.
28. This effort resulted in a sample survey of 600 beneficiary families organized and financed by PRONAMACHCS in May/June 1997. The first impact evaluation report for Peru 5162.00 was submitted to WFP in October 1997. This report observed that:
 - a) family incomes in project areas had increased on average by 6.7 percent;
 - b) family food consumption had improved quantitatively and qualitatively (16 percent more cereals, 15 percent more tubers, 19 percent more potatoes and 13 percent more meat);
 - c) production in rehabilitated areas had increased by 13 percent and yields increased from 985 to 1,075 kg per hectare.
29. Apart from food assistance, beneficiaries considered the most important benefits to be technical assistance, training and soil improvement.



30. In early 1996, a WFP technical mission concluded that some of the immediate objectives of the gender consultancy had been achieved, in particular a differentiated perception by technicians and beneficiaries of the various groups of people who participate in the project: women, men, youth and children; this resulted in a differentiated approach in terms of training and project activities. Other results include the aptitude of project staff to design and implement a participative analysis of a particular community and its development plans, including a gender perspective. NGOs participating in project implementation had acquired better tools for improved technical assistance and promotion of gender considerations in their respective areas. There is a greater participation of project beneficiaries in local committees for soil and water conservation, forestry and infrastructure, with a higher number of women acting as presidents.
31. This consultancy also contributed to the setting up of a gender unit within PRONAMACH, and to the nomination of a gender focal point at each local PRONAMACH office.
32. In 1998, WFP received funding from the Government of Canada to finance technical assistance from the Universidad del Pacífico (Pacific University) to PRONAMACHCS staff in designing an improved survey and to provide related training. The method used to measure socio-economic changes was a random survey applied to a total of 1,800 families. One sample of approximately 5 percent of families was taken from each micro-watershed. To carry out this work, it was necessary to identify indicators, the most important of which were the following: improved land, increase of productivity and production, increase of incomes, extent of emigration, participation of women in local committees and consumption of food. These indicators were defined in a field workshop coordinated by the Universidad del Pacífico, which was in charge of conducting the workshop, advising participants, and collecting and consolidating the information provided by the participants. PRONAMACHCS staff involved in the project, project IFAD-FEAS staff, local NGOs and two beneficiaries took part in the workshop. The results again revealed positive socio-economic trends, including: a) a 17.6 percent increase in agricultural production; b) a 6 percent increase in productivity; and c) improved women's leadership capacity through increased participation in communal committees.
33. The survey also revealed the important role played by food in reducing seasonal male migration to urban areas to seek cash incomes. The survey revealed that, with food support, 50 percent more men remained in their communities. Thus, in reinforcing project activities, food aid was found not only to have improved food security, but also to have strengthened community organizations.

CONCLUSIONS AND RECOMMENDATIONS

34. Although the availability of resources has at times fallen short of annual requirements, the project's basic objectives are being achieved, and a measurable impact on food production and productivity and on beneficiaries' socio-economic situation has been observed.



35. In areas of food scarcity/insecurity the reduction in male migration seems to underline the value-added effect of food aid. In addition, production increases reduce household food insecurity through higher incomes, which in turn improve the availability of and access to food for the hungry poor.
36. Although focus on women's participation has been successful in food-for-work and training activities, further efforts are needed to increase female membership on local management committees.
37. Delays in local purchases and WFP resource constraints have reduced distribution rates. Inter-project loans and alternative resourcing efforts have helped overcome resource shortfalls; nevertheless, timely commodity sourcing by WFP headquarters is important to ensure an uninterrupted pipeline and smooth implementation of project activities.
38. As at 31 December 1998, the unshipped balance of commitments amounted to 16,982 tons of wheat. From the unshipped commitment, 8,000 tons of wheat and the wheat equivalent of 300 tons of canned fish must be reimbursed to projects Peru 2341.02 and Peru 4808.00 against outstanding loans.
39. The project is scheduled to end in June 1999. Considering the positive results to date and WFP's outstanding commitment balance, a request for an extension in time for one year has been processed.

