



COUNTRY PROFILE



Photo: PRA Project

Peruvian farmer tending his artichoke crop, a new high-paying export crop he adopted with USAID technical assistance. Mission programs work with the entire production chain, from farmers, to processors, to buyers from foreign markets, to raise incomes and increase employment in some of the most poverty-stricken areas in Peru.

OVERVIEW

Among the most dynamic in Latin America, Peru's economy continued to expand in 2008 with a preliminary GDP growth rate of 9.5 percent. Notwithstanding this impressive macroeconomic performance, major challenges remain with 39.3 percent of Peruvians still living in poverty and 13.7 percent in extreme poverty. To assist in poverty reduction, USAID's activities emphasize trade-led economic growth and increased market access for micro, small, and medium-sized enterprises. Limited government presence in the highlands and jungle allows illegal coca cultivation, drug trafficking, illegal logging, remnants of terrorism, and HIV/AIDS transmission to go unchecked in certain areas. USAID programs help offer sustainable alternatives to illicit coca and strengthen government effectiveness to provide services in health, education, and environmental management in areas most affected by illegal drug cultivation. In the governance sector, limitations in the government's capacity to deliver services effectively and transparently result in a low level of confidence in democratic institutions. USAID seeks to improve the accountability and effectiveness of selected regional and local governments and to encourage constructive dialogue between government and citizen groups.



PROGRAMS

DEMOCRACY

USAID's decentralization program focuses nationally on policy reform and locally in the key coca-growing regions to help create stronger local governments that are better able to deter drug trafficking, illegal logging, terrorism, and other criminal practices, as well as to respond effectively to citizen needs. USAID also promotes political party strengthening and anti-corruption activities, including transparency, accountability, and greater citizen participation across all program areas.

ECONOMIC GROWTH

In an effort to alleviate the severe poverty conditions in Peru, current USAID activities are helping to lay the foundation for sustained trade-led economic growth and increased market access for micro, small, and medium-sized enterprises. Activities are focused on poverty reduction by expanding opportunities for low-income Peruvians to participate in the economy. USAID works with the national, regional, and local governments in areas such as customs reform, business registration reform, regional export plans, and infrastructure concessions. Collaboration with the private sector includes an extensive business development services program and support for an open dialogue on free trade, including the recent entry-into-

PERU SNAPSHOT

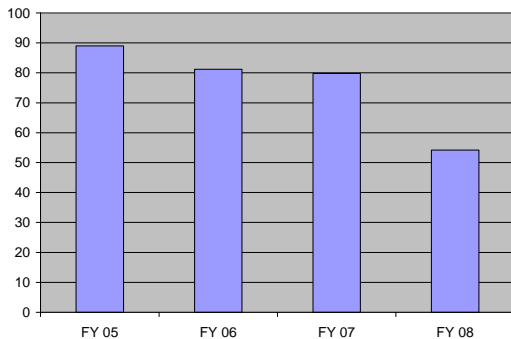
Date of Independence: 1821
Population: 29.546 million
GDP (PPP): \$238.9 billion
GDP per capita (PPP): \$8,400

Source: CIA, *The World Factbook*



COUNTRY PROFILE CONTINUED

**USAID Assistance to Peru
(Dollars in Millions)**



force of the Peru Trade Promotion Agreement (PTPA) between the United States and Peru.

ENVIRONMENT

USAID's efforts are designed to strengthen the Government of Peru's environmental policy and build the capacity of environmental institutions to promote sustainable forest management, protect biodiversity, and comply with the Environmental Chapter and Cooperation Agreement of the PTPA.

HEALTH

USAID's multi-pronged health program is improving the health of Peruvians and strengthening the performance of key institutions and organizations in the sector. USAID is working with the Ministry of Health to support the decentralization of health services to regional and local levels, improve public sector medicine distribution systems, and strengthen the Ministry's capacity for surveillance and response to infectious diseases such as malaria, tuberculosis and HIV/AIDS. Community-level assistance directly supports poor and indigenous people to improve their health status by encouraging healthier behaviors and practices.

EDUCATION

USAID programs are working at the local level to enhance the quality of and access to rural primary schools in two of the seven coca-growing regions in which the Mission's programs are focused. Policy-related activities provide technical assistance to the national and regional governments to facilitate the decentralization process, as well as to boost civil society participation in oversight of education.

ALTERNATIVE DEVELOPMENT

A key component of the U.S. Government's comprehensive counternarcotics strategy, USAID's Alternative Development Program supports communities to adopt lifestyles free of illicit coca cultivation. This support comes in the form of projects chosen by the communities themselves, such as small-scale infrastructure, assistance with new crops or business opportunities, and improved social services. USAID also promotes national policy reform and works to inform the national debate on coca policy. Additionally, the program uses various communications media to raise awareness of the benefits of licit lifestyles and the negative impacts of illegal coca.

REGIONAL TRADE PROGRAM

USAID implements a regional program for trade capacity building among the Andean countries, Peru, Colombia, Ecuador, and Bolivia, focusing on compliance with international trade obligations in areas such as, labor, technical barriers to trade, and intellectual property rights.

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