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FOOD FOR FREEDOM (Food for Aged) PROP

REFERENCE .

NONCAPITAL PROJECT PAPER (PROP)

Country: **ECUADOR**

Project No. **518-69-820-091.3**

Submission date: **Sept. 4, 1969**

Original: **X**

Project Title: **FOOD FOR FREEDOM (Food for Aged)**

U.S. Obligation Span: **FY 1956 through FY 1975**

Physical Implementation Span: **FY 1956 through FY 1975**

Gross life-of-project financial requirements:

U.S. dollars **1,431,000**

U.S.-owned local currency **0**

Cooperating country cash contribution **60,000**

Other donor **94,000**

Totals: 1,585,000

Food total tons: **13,972.**

PAGE 1 OF 11 PAGES

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OFFICE

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APPROVED BY:

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9/4/69

Robert J. Minges, Mission Director

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A. SUMMARY DESCRIPTION, INCLUDING TABULATION OF PLANNED INPUTS

The incidence of malnutrition in Ecuador is among the highest in the Western Hemisphere. Local capital and social inputs have been insufficient and there is little promise of sufficient mobilization of resources to adequately relieve the seriousness of this problem in the near future. Low inputs are reflected in perfunctory planning and implementation of programs devised by the National Government to tackle the problem of malnutrition. The Catholic Relief Services, United State Catholic Conference (USCC), proposed project under Public Law 480, Title II, would use US donated foodstuffs for a very limited number of institutions, mostly homes for the aged, where such assistance would be used to complement scarce local resources in providing meals and a well-balanced diet for those enrolled, until these institutions become viable from local funds.

The project is justified for the following reasons:

1. The low level of agricultural production in Ecuador, and the recent decline of per-capita food production.
2. Disequilibria and bottlenecks in marketing, storage, land use, etc., which further limit the amount of food available.
3. Scarcity of operating funds (primarily the result of a lack of community and public responsibility) to care for the aged and infirm, means that institutions provide low calorie and protein rations often only one-half of the minimum daily requirements.

US-food assistance as proposed herein would increase the energy levels of the aged and infirm, but perhaps more importantly would contribute to institutional development and institutional improvement, with a concomitant increase in community responsibility.

At this time it is difficult to measure precisely improvements in nutrition and diet that might take place in the near future through increased domestic food production. However, because of the low level of food production and the seriousness of the production and marketing disequilibria that presently exist within the country, it is felt that this aid would be necessary at least until FY 1975. Moreover, it would take the projected time-span to build up a cognizant community attitude toward assisting institutions caring for less productive or non-productive members of the community life. A pattern of responsibility in social relationships would need to be established between these institutions and the community.

About 6,000 persons annually would participate in the projects, or a total of 36,000 for the life of the project. These figures are only approximations; the actual number of participants could vary greatly as future needs increase. Therefore, the project should be studied in FY 1972 with an idea of revision in mind. If there is no need seen for revision in FY 1972, then food assistance to the 5,000 participants institutions in the program should be terminated in FY 1975.

A good deal of the success of this project depends upon the willingness or desire of private groups and agencies to mobilize and allocate adequate local resources with or without government cooperation. Increased agricultural production and removal of present bottlenecks in the economy should be encouraged so that food will become available to meet the needs of old age homes and other institutions.

Attachment A provides a summary of anticipated life-of-project financial inputs and food inputs by the US., the cooperating country, and other donors and participants.

B. ENVIRONMENT OF PROJECTS

Ecuador's mid-1969 population is approximately 5,900,000 inhabitants, living in three clearly defined zones: The Litoral or coastal region, a strip fifty to one hundred miles wide containing 47 per cent of the population; The Sierra or highland region, which contains 51 per cent of the Ecuadoreans; and the Oriente or lowland area, which is a vast sparsely inhabited jungle, forming part of the upper Amazon Basin. The Galapagos Islands, in the Pacific Ocean, are inhabited by 2,500 Ecuadoreans.

From the economic point of view, the country, one of the most underdeveloped in Latin America, and economic growth (4.5 per cent annually from 1960 to 1968) is not keeping much ahead of the population increase, which is about 3.4 per cent annually. Approximately 45 per cent of the population under fifteen years of age, with pre-school age children comprising 20 per cent of the population. In 1967, the Finance Ministry estimated that the two per cent of the population in the highest economic or income bracket had a per capita income of US\$1,167. A recent national wage law gave farm workers a daily minimum wage of US\$1.14, a substantial increase from the previous US\$.38, but most employers are ignoring the law. Moreover, farm work is highly seasonal so that this labor group contributes to the high percentage of disguised unemployment.

The economy of Ecuador is based on agriculture, which employ about 55 per cent of the labor force, accounts for one-third of GNP, and provides more than 90 per cent of the country's exports. Land distribution, though, is very unequal. The last census (1954) showed that 64 per cent of the land was held by only 2 per cent of the landowners. At

the other extreme, 73 per cent of the landowners had plots of less than 5 hectares, which comprised only 7 per cent of agricultural land. No significant changes in the structure of land ownership have occurred since the 1954 census.

In spite of the fact that few disciplined nutrition studies have been made in Ecuador's population, it is most evident that large groups of the population do not enjoy either a qualitatively or quantitatively minimal diet. The infant mortality rate is extremely high, approximately 93 per 1,000 live births, one of the highest in Latin America. The overall mortality rate is among the highest in the Western Hemisphere, 11.2 per thousand, and life expectancy is around 52 years. Malnutrition is a contributing factor to the high mortality rate and short life span.

In the fifties, the Ministry of Economic Affairs informed the Congress that about 95 per cent of the population was undernourished because it could not afford more than 1,500 calories per day, instead of the normal intake of 2,200. The diet of the vast majority is extremely deficient in proteins and fats, and to a slightly lesser degree in vitamins and minerals. Small farmers sell whatever milk and eggs they produce rather than consume them, since they are luxury foods providing relatively high rates of return. Only a few vegetables are cheap and abundant enough for general consumption, the onion occupying first place, followed by cabbage. Other food stuffs may be available in great quantities in one region, but for lack of roads or cheap transportation are left to rot instead of being widely distributed. This is the case, for instance, with bananas. Frequently valuable foodstuffs which could easily be produced are either unknown or are gradually disappearing, like quinoa, a very nutritious grain native to the Andes. Ecuadoreans know little of food values. As in other parts of the world, people nearly always seem to prefer the least nutritious food, such as polished rice, bleached flour, refined sugar, etc. In some ways the Indians who cannot afford these relative luxuries are therefore better fed than the town mestizos and the whites. Their diet, however, is deficient in other ways. For thousands of Ecuadoreans, daily food consists of little more than one meal a day. This is especially true in the Sierra, where breakfast is often just a cup of hot water sweetened by raw sugar, with a little cinnamon added for spice.

All institutions receiving US-donated food assistance would be non-profit private establishments operated for charitable or welfare purposes where needy adult persons reside and receive meals. This kind of assistance is necessary because of the scarcity of local foods and high costs which result in high outlays of capital for food purchases when funds are also needed to improve overcrowded and antiquated facilities. Obviously, with health and sanitation improvement the life-span increases.

But in developing nations such as Ecuador, many people arrive at old age in destitute states, and although they are unproductive economically, they must be cared for if only for humanitarian reasons. Naturally, some old people could become economically productive to some degree and perhaps make worthwhile contributions to the social or economic life of the country if provided with adequate food. Since the Ecuadorean Government has been unable to allocate funds for construction and maintenance of homes and institutions for the aged, this needy population group having been given a low priority, private-sector interest responsibility has developed, but not to the extent deemed necessary for the growing seriousness of the problem. Therefore, the private sector, through organizations such as Caritas de Ecuador, would have to be awakened to the problem and to mobilize available resources to deal with it.

With regard to health institutions for adults, growing demands on present health facilities and slowly increasing capital inputs could make food assistance a necessity for many years.

In implementing this food project, no serious legislative or administrative problems are foreseen. Obviously, economic and social problems could be encountered in mobilizing local resources to take over the project after FY 1975, but these should manifest themselves by the second or third year of operation.

Importation and use of programmed foods would not adversely affect Ecuador's agricultural production, nor would it cause imbalances in the present marketing systems. Wheat, flour, cornmeal, rolled oats, and oil are produced locally, but in very limited quantities, and wheat and oil are the country's two largest food imports. Generally speaking, they are expensive food items, so that cost is a deterrent to consumption. Since the project is small, involving only about 6,000 recipients annually, no appreciable impact could be made on local demand to encourage the establishment of food industries or to lower the prices of presently marketed foods.

C. STRATEGY

The project would be implemented through Caritas de Ecuador, the local counterpart agency of Catholic Relief Services - USCC. Presently, about 30 full-time paid employees and 400 volunteers, including warehousemen, customsman, etc., are employed in one or another phase of the food program. The National Caritas Office includes a Director, two auditors, port dispatchers, 2 customs brokers, 2 supervisors of food for development activities, 2 secretaries, and two persons involved in program control. An agreement with Caritas, signed in 1965, allows Catholic Relief Services - USCC to retain freedom of action to carry out full supervisory responsibilities, and to take any unilateral action deemed necessary if conditions so warrant. For this purpose, Catholic Relief Services presently maintains an office in Ecuador headed by three American citizens, with three local

employees as end-use checkers, and two secretaries. Excluding the salaries of US citizen representatives, Catholic Relief Services would contribute about US \$3,000 annually to the operation of the project. During the life of the project, as expansions are made and qualified technicians are needed, Caritas de Ecuador would employ additional personnel. The development of responsibility by the local counterpart is deemed one of the most feasible ways of establishing a strong private sector institution. This can help develop a stronger private sector group of institutions when communications are established among the various organizations, as is now taking place.

The Ecuadorean Government would cooperate with the project by providing duty-free entry for commodities and by paying port costs and interior transportation expenses to regional warehouses. It would be difficult to calculate the precise amount that would be invested into the program from government funds, but it would be in excess of US \$5,000.

Although difficult to calculate because of a number of unknowns, local private sector contributions to the participant institutions are estimated to total about US\$5,000 in FY 1970, a figure that would increase gradually to about \$15,000 by FY 1975. Only a small part of this amount, 20-30 per cent, would probably be invested in food purchases for food preparation. Most would be allocated for medical care and medical purchases and for improvement of facilities. Hopefully, community participation would increase and in certain cases, if not in all, Caritas de Ecuador would be able eventually to supply these institutions with local foodstuffs. Much of the success of finding sponsors for these institutions or of mobilizing resources depends upon the country's development plans, primarily in the agricultural sector.

Education instruction would be limited to posters, reports, brochures, courses for administrative personnel to acquaint them with what local foods are available and how to prepare them. The project would be country-wide.

D. PLANNED TARGET, RESULTS AND OUTPUTS

It would be extremely difficult to ascertain approximately at what future date Ecuador would be able to supply all of its food needs and thereby the requirements of homes for the aged and other institutions. Obviously, because of production and supply disequilibria, and a high population growth rate, needs could not be met in the next few years by local output. However, by encouraging community groups and organizations like Caritas to perceive the needs of these institutions and to mobilize what resources are available locally, food assistance to this project could be terminated in FY 1975.

Results or outputs can not easily be measured since the food input would be used by persons who would be virtually unproductive or at least have only a limited productive capacity. Naturally, results could be described as the degree of success Catholic Relief Services might have in mobilizing local resources to continue effective and increased assistance to these institutions once US-food is terminated. The yard-stick would be stable or increased input at the time of termination or the number of groups contributing resources.

It needs to be realized that as health and sanitation are improved the age-span increases so that the percentage of older people grows, which in a country like Ecuador could mean an increase in the number of destitute persons since the family or community often rejects the aged once they pass the point of productivity. Due to the unproductive nature of this age group, few public funds are likely to be allocated for programs of assistance to persons in this group.

E. COURSE OF ACTION

Much of what can be described as course of action or project implementation was discussed in the section on Strategy. As pointed out in that section, planned financial resources and personnel would be sufficient to feasibly carry out the project and produce expected outputs, where the latter were projected. Also, reference may be made to the attached tabular breakdown of financial inputs and food inputs for the estimated life of the project.

All US-donated foodstuffs for this project would arrive at the port of Guayaquil and be allocated to specific warehouses in areas where the participant institutions exist. There are presently 30 warehouses. Warehouses would continue receiving only a 2-3 month supply of foodstuffs. These warehouses would then allocate food to the institutions.

When the food is received in the warehouse, a certificate of delivery would be signed noting the food type, amount received, packing list number, and any damages or losses incurred, in interior shipment. All this would be checked against survey and vessel outturn reports received from the port of entry.

Previously approved institutions would draw supplies, usually for a one-month quota, from the warehouse, which would maintain records of distribution forms, copies of receipts, food center inventory forms, and warehouse physical inventory forms, all of which would be submitted to Catholic Relief Services. Before an institution could receive a new supply of US-donated foodstuffs, it would be required to declare the amount it still had in storage. This would then be calculated against the number of eligible recipients in the institution and the monthly ration.

Each institution receiving US-food assistance would make an annual census of its needy individuals and submit it to Catholic Relief Services/ Caritas for approval and inclusion in the new fiscal year plan. Names, ages, and other personal data would be kept by the institution and Caritas.

Catholic Relief Services and Caritas end-use checkers would make periodic visits to see that distributions are made properly. Instructions would be sent to each institution periodically informing operating personnel of regulations, rations, and changes in the food program.

In order to receive US-donated foodstuffs, the person in charge of an institution would need to sign a contract which would bind him to abide by the established regulations. An agreement with Caritas, signed in 1965, assures Catholic Relief Services - USCC and US government representatives that they would be permitted to investigate and review foods in storage, make end-use audits, and to examine control records of accountability. The project would be periodically audited by Catholic Relief Services regional director for Latin America, based in Lima, and by regional auditors.

Port facilities are considered adequate. Duty-free entry does not present a problem and the port charges will be reimbursed by the Government of Ecuador. Port surveys are done and at least one representative from the CRS/Caritas office in Guayaquil is present at most food unloadings. Damaged bags are repacked or re sewn before being sent to regional warehouses to minimize interior transportation losses. Storage facilities within the country are more than adequate for the programmed tonnage estimated to FY 1975. Precautions are taken to keep all storage facilities dry, cool, ventilated, and free of rodents. Maintenance, repairs, and alterations are made as required. Most warehouses are in a comparable condition to the average commercial facilities in each area.

Inland transportation would be handled generally by truck or train. In the mountainous areas, food supplies would be transported by mule. Supplies often reach the eastern lowlands (1) by airplane, when available, and (b) by motor launch.

Presently, a number of institutions distribute bread made from US-donated wheat flour and oil, baked in either their own ovens, or by bakers paid separately. Some institutions also process corn meal and bulgur into bread, cakes, and cookies, using their own ovens. All foods that would be programmed are now used and usually are well accepted. Food requirements would be calculated on the basis of providing a nutritional balance to dietary deficiencies among eligible recipients. Institutions would be required to submit periodically their menus and budgets for review.

Institutions would be instructed to inform recipients of the origin of the food. Circulars and distribution forms would carry a notation in some manner that the food is a gift from the people of the United States to the people of Ecuador, as they now do.

Containers are marked. However, a verbal statement of origin would often be made to the recipients because of the high illiteracy rate in Ecuador. Signs and posters will be placed in warehouses.

SESSIONS

11 Table 1
Page 2 only

NONCAPITAL PROJECT FUNDING

PROP DATE:
Original: X
Project No.

Project Title: Food for Peace (CRS)

11

| Fiscal Years | AID-controlled Local Currency US - Country Owned owned | Other Cash Contribution Cooperating Country 2/ | Other Donor Funds (\$ Equiv.)(1) | Food for Freedom Commodities | | |
|--|---|---|---|------------------------------|---------------------------|--------------------------|
| | | | | Metric Tons | CCC Value & Freight | World Market Price |
| Prior through Act. FY 68 (estimated) | 0 | 20,000 | 30,000 | 11,000 | 1,000,000 | 970,000 |
| Oper. FY 69 (a) | 0 | 5,000 | 5,000 | 330 | 47,000 | 44,000 |
| Budget FY 70 | 0 | 5,000 | 5,000 | 432 | 64,000 | 62,000 |
| FY 71 | 0 | 5,000 | 8,000 | 432 | 64,000 | 62,000 |
| FY 72 | 0 | 6,000 | 9,000 | 432 | 64,000 | 62,000 |
| FY 73 | 0 | 6,000 | 10,000 | 432 | 64,000 | 62,000 |
| FY 74 | 0 | 6,500 | 12,000 | 432 | 64,000 | 62,000 |
| FY 75 | 0 | 6,500 | 15,000 | 432 | 64,000 | 62,000 |
| TOTAL LIFE | | 60,000 | 94,000 | 13,972 | 1,431,000 | 1,386,000 |

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- (1) Includes an estimate for technical assistance, material, transportation, etc.
- (2) Includes funds, materials, volunteer and paid services, etc., from Catholic Relief Services, Caritas and local groups and organization.
- (3) Because of the CRS/Caritas reorganization port strike, etc., perhaps less than half of the programmed supply for FY 69 will be received.

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