

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



ANNUAL BUDGET SUBMISSION

FY 83

ECUADOR

JUNE 1981

**UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
WASHINGTON, D.C. 20523**

E C U A D O R

ANNUAL BUDGET SUBMISSION

FY 1983

TABLE OF CONTENTS

	<u>Page</u>
1. Table I - Long Range Plan by Appropriation Account	1
2. Table III - Project Obligations by Appropriation Account	2-3
3. Table IV - Project Budget Data	4-6
4. Project Narratives	7-20
A. 518-0032 Rural Technology Transfer System	
B. 518-0021 Municipal Development - Secondary Cities	
C. 518-0025 Science and Appropriate Technology Development	
D. 518-0034 Private Enterprise Investment Studies	
E. 518-0035 Agricultural Crop Insurance	
5. Table V - Proposed Program Ranking and Narrative	21-25
6. Workforce and Operating Expenses	26-27
A. Table VII Operating Expense Summary	
7. Table XIII - PL-480 Title II and Narrative	28-30

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Country/Office 518 - Ecuador

DEVELOPMENT ASSISTANCE	FY 1981 EST	FY 1982 EST	FY 1983 REQUEST			PLANNING PERIOD				
			MIN	CURR	AAPL	1984	1985	1986	1987	
Agriculture, Rural Development & Nutrition										
Grants	715	2475	2300	2300	2500	2900	3000	3600	4100	
Loans	3800	4000	6500	6500	9000	7100	8500	9000	9000	
Population										
Grants	235	700	740	740	740	1905	2000	1800	1800	
Loans										
(of which centrally procured commodities)										
Health										
Grants	310	685	500	500	500	610	1400	1600	1500	
Loans	3000	1000	1000	1000	1000	1000	4000	4000	3000	
Education										
Grants	394	725	400	400	600	485	600	700	1000	
Loans	-	-	-	-	-	-	-	-	-	
Selected Dev. Activities										
Grants	555	1165	1560	1560	2660	3000	2500	1300	1800	
Loans	1000	900	-	-	-	8000	8000	8000	7800	
SUBTOTAL FUNC. ACCOUNTS										
Grants	2209	5750	5500	5500	7000	8900	9500	9000	10200	
Loans	7800	5900	7500	7500	10000	16100	20500	21000	19800	
Other DA ACCTS. (Specify)										
Grants	-	-	-	-	-	-	-	-	-	
Loans	-	-	-	-	-	-	-	-	-	
TOTAL DA ACCOUNTS										
Grants	2209	5750	5000	5000	7000	7900	9500	9000	10200	
Loans	7800	5900	8000	8000	10000	17100	20500	21000	19800	
TOTAL DA AND ESF	10009	11650	13000	13000	17000	25000	30000	30000	30000	
PL-480 (non-add)										
Title I										
(of which Title III)										
Title II	1053	1943	1738	1738	1738	1327	1327	977	977	
Housing Guaranties (non-add)	20000	25000						25000		
TOTAL PERSONNEL										
USDH (workyears)	11	11	11	11	11	12	13	13	13	
FNDH (workyears)	19.5*	19.5*	19.5*	19.5*	19.5*	21.5*	22.5*	22.5*	22.5*	

* Includes 1.5 workyears part time FNDH

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
 FY 1981 to FY 1983
 (\$ thousands)

- 2 -

Country/Office 518 - Ecuador

APPROPRIATION ACCOUNT	FY 1981	FY 1982	FISCAL YEAR 1983		
			MINIMUM	CURRENT	AAPL
<u>AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION</u>					
518-0005 PD&S - F&N (G)	75	150	100	100	100
518-0012 Integrated Rural Development (G) (L)	200 3800	400 -	400 -	400 -	400 -
518-0019 Rural Enterprise Development (G) (L)	-	300 2000	400 1500	400 1500	400 2000
518-0023 Forestry and Natural Resources Conservation (G) (L)	-	200 2000	200 1000	200 1000	200 2000
518-0031 Environmental Conservation OPG (G)	140	100	-	-	-
518-0032 Rural Technology Transfer System (G) (L)	300	1000	1000 4000	1000 4000	1000 5000
518-9997 Proposed OPGs (G)	-	325	200	200	400
<u>POPULATION</u>					
518-0013 PD&S - PN (G)	-20	-	40	40	40
518-0026 Population and Family Planning (G)	215	700	700	700	700
<u>HEALTH</u>					
518-0009 PD&S - HE (G)	40	120	50	50	50
518-0015 Rural Health, Nutrition and Potable Water (G) (L)	200 3000	300 1000	250 1000	250 1000	250 1000
518-0020 Rural Potable Water OPG (G)	70	-	-	-	-
518-9997 Proposed OPGs (G)	-	265	200	200	200
<u>EDUCATION</u>					
518-0010 Vocational Education OPG (G)	110	100	-	-	-
518-0016 PD&S - EH (G)	54	100	30	30	30
518-0017 Training for Development (G)	230	300	370	370	370
518-9997 Proposed OPGs (G)	-	225	-	-	200
<u>SELECTED DEVELOPMENT ACTIVITIES</u>					
518-0003 Local PVO Institutional Development OPG (G)	130	140	-	-	-
518-0004 Special Development Activities (G)	40	100	50	50	100
518-0008 Tarqui Cooperative and Community Development OPG (G)	190	-	-	-	-
518-0011 PD & S - SD (G)	95	100	110	110	160

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
 FY 1981 to FY 1983
 (\$ thousands)

Country/Office 518 - Ecuador

APPROPRIATION ACCOUNT	FY 1981	FY 1982	FISCAL YEAR 1983		
			MINIMUM	CURRENT	AAPL
518-0021 Municipal Development - Secondary(G) Cities	-	-	400	400	600
518-0022 Integrated and (G) Urban Development	-	200	100	100	100
518-0025 Science and Apprpr. Technology Dev. (G)	-	-	300	300	600
518-0029 Alternative (G) Energy Sources (L)	100 1000	400 900	300	300	300
518-0034 Private Enterprise Investment Studies (G)	-	-	200	200	600
518-9997 Proposed OPGs (G)	-	225	100	100	200
SUBTOTAL FUNCTIONAL ACCOUNTS	10009	11650	13000	13000	17000
OTHER PROGRAMS	-	-	-	-	-
TOTAL DA AND ESP.	10009	11650	13000	13000	17000

FY 1983 ANNUAL BUDGET SUBMISSION

Country/Office
518 - Ecuador

TABLE IV PROJECT BUDGET DATA

Project	Project Title	G/L	Obligation Date		Life of Project Cost (Mill. Plan)	Cum. Pipeline as of 9/30/80	FY 1981		FY 1982		1983 AAPT	FY Obligations			Item #	
			Initial	Final			Obl.	Exp.	Obl.	Exp.		1984	1985	1986		1987
			ESTIMATED U.S. DOLLAR COST (\$000)											Year		
518-0005	AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION	G	79	-	-	1	75	76	150	150	100	100	100	100	500	856
518-0006	Program Development & Support Food Processing and Fortification OPC	G	80	80	106	86	-	86	-	-	-	-	-	-	-	855
518-0012	Integrated Rural Development	G	80	84	2000	200	200	100	400	400	400	400	400	400	-	850
518-0019	Rural Enterprise Development	L	80	81	3800	6000	3800	500	1500	-	-	-	-	-	-	849
518-0023	Rural Enterprise Development	G	82	86	1000	-	-	-	300	200	400	300	-	-	-	843
518-0023	Forestry and Natural Resources Conservation	L	82	83	4000	-	-	-	2000	2000	2000	400	-	-	-	842
518-0031	Environmental Conservation OPC	G	82	84	1500	-	-	-	200	100	200	400	-	-	-	839
518-0032	Rural Technology Transfer Syst	L	80	82	340	90	140	225	100	105	-	2000	-	-	-	833
518-9997	Proposed OPDs	G	80	86	3000	400	300	150	400	400	1000	1300	-	-	-	832
			81	81	5000	-	-	-	-	-	5000	400	400	500	2000	453
			0	0	-	-	-	-	325	125	400	400	400	400	2000	453
			Total Grant		677	677	4515	1137	3480	6475	11500	4900	2600	900	600	25000
			Loan		7746	777	715	627	1280	2475	2500	2900	2600	900	600	25000
					9800	6000	3800	500	2200	4000	9000	2000	-	-	-	-
518-0013	POPULATION PLANNING	G	79	0	-	45	20	65	-	-	40	20	-	-	-	848
518-0026	Program Development & Support Population and Family Planning	G	81	84	-	-	215	100	700	700	700	1885	2000	-	-	816
			Total Grant		-	45	235	165	700	700	740	1905	2000	-	-	-
			Loan		-	45	235	165	700	700	740	1905	2000	-	-	-
518-0009	HEALTH	G	79	-	-	47	40	87	120	120	50	60	60	50	400	853
518-0015	Program Development & Support Rural Health Nutrition and Potable Water	G	81	82	1000	-	200	100	300	300	250	250	-	-	-	847
		L	81	82	5000	-	3000	500	1000	1000	1000	1000	-	-	-	846

FY 1983 ANNUAL BUDGET SUBMISSION

Country/Office

518 - Ecuador

TABLE IV PROJECT BUDGET DATA

PROJECT NUMBER	PROJECT TITLE	CP	OBLIGATION DATE		LIFE OF PROJECT AS OF 9/30/80	CUM PIPELINE AS OF 9/30/80	FY 1981		FY 1982		1983 AAPT.	FY OBLIGATIONS				ITEM #	
			INITIAL	FINAL			OBL.	EXP.	OBL.	EXP.		1984	1985	1986	1987		FUTURE YEAR
518-0020	Rural Potable Water - OPG	G	80	81	181	111	70	100	-	81	-	-	-	-	-	-	841
518-9997	Proposed OPGs Appropriation	G	81	-	181	158	3310	787	1685	1726	1500	300	360	50	400	-	452
			Total Grant		181	158	310	287	685	726	500	610	360	50	400	-	
			Loan		-	5000	3000	500	1000	1000	1000	1000	-	-	-	-	
518-0001	EDUCATION AND HUMAN RESOURCES	G	78	78	256	58	-	58	-	-	-	-	-	-	-	-	852
518-0007	Working Boys Center - OPG	G	78	79	37	194	-	194	-	-	-	-	-	-	-	-	451
	Employment Creation Marginal	G	80	82	340	43	110	143	100	110	-	-	-	-	-	-	450
518-0010	Vocational Education OPG	G	79	-	8	8	54	62	100	100	30	50	50	50	250	-	845
518-0016	Program Development & Support	G	80	83	1300	400	230	300	300	400	370	200	-	-	-	-	844
518-0017	Training for Development	G	82	G	-	-	-	-	225	100	200	200	-	-	-	-	449
518-9997	Proposed OPGs	G	Total Grant		227	703	394	757	725	710	600	250	250	50	250	-	
			Loan		227	703	394	757	725	710	600	250	250	50	250	-	
518-0003	SELECTED DEVELOPMENT ACTIVITIES	G	80	83	450	150	130	150	140	160	-	-	-	-	-	-	858
518-0004	Local PVO Institutional Dev. OPG	G	79	0	-	-	40	40	100	100	100	100	100	100	500	-	857
518-0008	Special Development Activities	G	79	81	490	136	190	190	-	136	-	-	-	-	-	-	854
	Tarqui Cooperative and Community Development OPG	G	83	85	2400	131	95	150	100	150	160	100	900	100	500	-	851
518-0011	Program Development & Support	G	83	85	8000	-	-	-	-	-	-	-	4000	4000	-	-	
518-0021	Municipal Development Secondary Cities	L	83	85	-	-	-	-	-	-	-	-	-	-	-	-	
518-0022	Integrated Shelter and Urban Development	G	82	83	-	-	-	-	200	100	100	-	-	-	-	-	838
518-0025	Science and Appropriate Technology	G	82	84	1400	-	-	-	-	-	600	800	-	-	-	-	837
	Alternative Energy Sources	L	81	83	800	-	100	100	400	300	300	-	-	-	-	-	
518-0029	Private Enterprise Investment Studies	G	81	82	1900	-	1000	200	900	800	-	-	-	-	-	-	
518-0034	Proposed OPGs	G	83	83	200	-	-	-	225	225	600	800	800	-	-	-	
518-9997	Proposed OPGs	G	Total Grant		940	417	1555	830	2065	1971	2660	10700	5900	200	1000	-	
			Loan		940	417	555	630	1165	1071	2660	2700	1900	200	1000	-	
			Total		1880	834	2110	1460	3230	3042	5320	13400	7800	400	2000	-	

600-1310 (G-91)
 non-add 518-00-006 (G-91) 21040 (G-91) 1140 (G-91) 1900

therefore requested that A.I.D. consider additional funding for the RTTS through a loan add-on to the FY-1980 Title XII Project.

With the proposed funding, the RTTS in CONACYT will be able to diversify and expand its already successful mix of subproject portfolio. Examples of the kinds of subprojects which the proposed loan/grant add-on will support are: an assessment and research on the fragile ecosystems of the Amazon Basin; expanded research, training and dissemination of fruit and vegetable technologies, assistance to MAG for agricultural policy analyses and statistical systems; dry-land agricultural technology development, food processing, strengthening REE systems in provincial, technical universities; and expanded support for small farmer research systems.

The above areas have been identified by CONACYT and the respective agricultural/rural development agencies as priority subprojects. However, sufficient funding is not now available to the RTTS to finance these subprojects. The Amazon Basin Assessment, for example, will provide GOE agencies responsible for the development of this fragile eco-system with data and information required to optimize the utilization of the area's natural resources and minimize negative environmental impacts. The improvement of the GOE's institutional capacity to formulate agricultural policies is still another priority subproject. The need to obtain reliable rural/agricultural data; to develop analytical skill in evaluating the likely consequences of various policy options are extremely important to Ecuador's long-term agricultural development. This subproject, therefore, would propose to assist the Ministry of Agriculture improve these skills.

The USAID also expects that during 1981-82 the RTTS will continue to generate additional subproject proposals. Although many of these subprojects will have a national scope, to the extent feasible, many of the A.I.D. financed field level activities will be undertaken within the GOE's integrated rural development program areas. CONACYT's RTTS will be the coordinating/financing/supervisory unit for the loan/grant add-on. Field level implementation will be carried out by the Ministry of Agriculture (MAG), the Agricultural Research Institute (INIAP), the Irrigation Institute (INERHI), the Land Reform Agency (IERAC), Regional Development Authorities, Ecuadorean Universities, and other local research, education, and extension institutions.

This project add-on represents the second stage in the development of the GOE's Rural Technology Transfer System (RTTS). It will begin the process of graduating the RTTS to loan financed technical assistance and training from U.S. land grant university. The third stage of RTTS development will hopefully begin in 1986 when funding for the RTTS Fund can be graduated to other donors such as the IDB and IBRD. However,

before this can take place, the RTTS must be fully institutionalized and made operational which will require both A.I.D. grant and loan funding.

III. Beneficiaries

The project will directly benefit Ecuadorean small farmers and local agricultural research, education and extension agencies. It will indirectly benefit the entire Ecuadorean population by strengthening local agricultural agencies so that they can better promote the expansion of food and agricultural production.

IV. Implementing Agencies

The project add-on proposed herein will be implemented through the GOE's National Council for Science and Technology (CONACYT) and its RTTS. Subprojects at the field level will be carried out by MAG, INIAP, INERHI, IERAC, Regional Development Agencies, Ecuadorean universities and other agencies.

cal services, and that can be more significant development units if they have better access to technical assistance, training and financial resources.

The project proposed herein will fill this important gap. It will provide technical assistance and training for upgrading the institutional/technical capacity of municipal governments in secondary cities. The project will assist municipal governments to:

- Strengthen their institutional capacity to deliver municipal services and carry out their public service responsibilities;
- Develop long-term training programs for municipal employees and upgrade the technical skills of municipal officers;
- Establish in the Association of Ecuadorean Municipalities a capacity to identify institutional weaknesses in local governments and develop programs to address these weaknesses;
- Upgrade or establish planning departments in local municipal governments;
- Assist in strengthening municipal financial departments with appropriate budgeting and revenue generating capacities;
- Provide support for the planning and development of specific municipal development activities, particularly in the area of low-cost housing;
- Promote the development of local private enterprises that can expand employment opportunities and provide services to surrounding rural areas;
- And, identify and seek national resources for local development, including the opportunity for BEV financing of locally initiated housing projects.

The USAID expects that its Secondary Cities/Rural Housing HG will now be authorized in FY-1982. Grant funding to support this housing project in FY-1982 will probably be available through a regionally funded project. The project proposed herein will provide follow-on grant funding beginning in FY-1983 to support the implementation of the Secondary Cities HG as well as lay the planning foundation for a future loan funded municipal development program that may begin in FY-1985.

III. Beneficiaries

The beneficiaries of this program will be the residents of secondary cities who will benefit from a variety of public services as a result of improved municipal government.

IV. Implementing Agencies

Association of Ecuadorean Municipalities and local municipal governments.

5 1 8 - E C U A D O R

FY 83 A B S

PROJECT NARRATIVE

Project No. and Title: 518-0025 Science and Appropriate Technology
Development

Functional Account: SD

<u>Funding:</u>	<u>FY 83</u>	<u>LOP</u>
Grant	\$ 600,000	\$1,400,000
Loan	<u> -</u>	<u>4,000,000</u>
Total	\$ 600,000	\$5,400,000

I. Project Purpose

To assist the GOE strengthen Ecuador's scientific and technological infrastructure and promote the adoption of improved technologies that serve the needs of Ecuador's poor.

II. Project Description

Ecuador is attempting to develop a stronger scientific and technological system that can better meet the country's need for more appropriate research and technologies that meet the needs of low income groups. For this purpose in 1980 the GOE created a National Science and Technology Council (CONACYT), to exercise policy guidance over science and technology areas. Together with a number of executing entities, CONACYT develops action programs for promoting appropriate technologies in priority areas. CONACYT is administering the USAID Title XII project with U.S. land grant universities to promote appropriate agricultural and rural development technologies. Specific activities under the project are carried out by public and private sector agriculture institutions and are designed to improve the productivity of the rural sector.

The project will develop and test a mechanism for promoting the flow of improved technology whose activities impact on the needs of the urban and rural poor. The project will cover those areas that cannot be addressed by the Title XII Project. It will build on a science and

technology assessment planned to be undertaken by the U.S. National Academy of Sciences (NAS) in FY 1982 with assistance from central A.I.D. funding. The project will provide technical assistance and training aimed at addressing those technology constraints identified in the assessment as serious bottlenecks to Ecuador's development. A methodology for appropriate technology transfer will be developed. Funds to promote solutions to selected constraints through studies and pilot efforts with Ecuadorean universities and research facilities will be included. An assessment of human resource constraints, together with development of proposals to overcome these constraints, may also be funded.

Specific areas to be studied will be related as closely as possible to overall USAID program needs and objectives. For example, Ecuador's construction industry seriously lags behind many other countries in Latin America in the use of low cost materials and standards. An important element of USAID's program involves the promotion of low cost housing solutions under A.I.D.'s Housing Guaranty Program. Also, major opportunities exist in improving nutrition levels throughout the country by working with the food industry in food fortification, better utilization of Ecuador's vast fish resources, and local level agro-industry in general. In both areas, not only can costs savings be made, but previously unutilized or wasted resources can be tapped.

It is expected that, if successful, the project will lead to a larger science and technology development loan that may be financed by future A.I.D. inputs. The project will be coordinated with the proposed FY 1982 Rural Enterprise/Employment Generation Loan/Grant Project which, among other things, will finance the establishment and expansion of off-farm food processing and small-scale farm machinery and equipment enterprises.

Because of delays in initiating an NAS financed Science and Technology Assessment it is unlikely that the Science and Appropriate Technology Loan proposed for FY-1982 funding can be developed. Thus, the smaller project proposed herein to begin in FY-1983, will replace the larger loan proposal included in the FY-1982 program.

III. Beneficiaries

The project beneficiaries will be the Ecuadorean research and development community that produces low-cost technologies and scientific information that serves the needs of Ecuador's poor.

IV. Implementing Agencies

USAID anticipates working directly with CONACYT and through CONACYT with a variety of public and private sector entities interested in

science and technology including: Ecuadorean universities and the five polytechnical universities, Ecuadorean research institutions such as the Industrial Development Center (CENDES), the National Nutrition Institute (INN) and other institutions in carrying out scientific and technological research. USAID may also provide funding for the development of a private agency of Ecuadorean scientists such as "Pro-Ciencia" that exists in Colombia.

This proposed project will address these constraints by providing a private enterprise development advisor who can work with GOE agencies in identifying specific poverty and production programs that could be benefited by private sector investments. A small fund will also be established to assist private companies undertake feasibility studies and investment and marketing plans for specific projects. These studies will be used to translate research and demonstrations projects (funded through other sources) into bankable projects that can be presented to financial institutions for equity and/or long-term capital for carrying out these projects.

During the planning of the new GOE/AID development programs a number of areas have been identified in which private enterprise investment could greatly support GOE development objectives. While these areas of potential private sector investment will be further refined during PID development, they include feasibility and market studies--plus identification of private sector sources of funding--to: (1) develop large agroindustries that can substantially expand rural employment and/or open up new marketing opportunities for small farmers; (2) develop private Ecuadorean companies to manufacture and market the A.I.D.-tested hand pump; (3) identify additional Ecuadorean plastic pipe manufactures that could help lower the price of plastic pipe in the country thereby reducing the cost of rural water systems; (4) identify companies that could introduce prefabrication technologies and new building materials that can reduce the costs of housing construction for low income groups; (5) identify and assist food processing industries that can utilize soybean meal to enrich food items consumed by low income groups; and (6) help establish manufacturers of more efficient wood burning stoves, solar hot water heaters and producers of equipment and parts for mini-hydroelectric facilities and other nonconventional energy technologies. Other priority areas will be identified during project development.

The project will be closely coordinated with other A.I.D. activities being implemented in Ecuador. It will be designed to complement and expand these activities. For example, through this project the results of the FY-1981 Alternative Energy and Rural Health/Potable Water Projects will be translated into bankable projects that can facilitate technology dissemination through private sector companies. It will complement an FY-1982 Rural Enterprises Development Projects that will mainly concentrate on smaller scale enterprises. The project will also provide a mechanism for promoting larger agroindustries not included in the FY-1982 Small Rural Enterprises project. It will also provide a means of promoting the dissemination of technologies tested or developed through an FY-1983 Science and Technology Project.

This Private Enterprise Development Project is proposed as a pilot effort--that if proven successful--could lead to a larger private sector development program after FY-1984. In FY-1982 and FY-1983 the Mission proposes to complete all funding for its IRD, IUD and Rural Technology Transfer Funding. In FY-1984/85 a new CDSS will be prepared reflect-

ing the priorities of the GOE Administration that will be elected in CY-1984. The proposed project will open up lines of communication and test possible approaches that could then lead to a new A.I.D. private enterprise development program in Ecuador.

III. Beneficiaries

The project beneficiaries will be lower income Ecuadorians and private enterprises that produce products or otherwise serve the needs of Ecuador's poor.

IV. Implementing Agencies

The exact implementing agency or agencies will require further analysis. However, potential candidates include: the Center for Industrial Development (CENDES), the Center for Small Enterprises and Artisan Promotion (CENAPIA), the National Association of Businessmen (ANDE), the Chamber of Industries, and the GOE's Feasibility Financing Fund (FONAPRE).

5 1 8 - E C U A D O R

FY-83 ABS

PROJECT NARRATIVE (SHELF PROJECT)

Project No. and Title: 518-0035, Agricultural Crop Insurance

Functional Account: FN

<u>Funding:</u>	<u>FY 83</u>	<u>LOP</u>
Loan	3,000,000	3,000,000

I. Project Purpose:

To assist in the institutional development and expansion of activities of the National Agricultural Insurance Company (CONASA) created under LAC Regional Project No. 598-0579 by providing support for crop insurance to small farmers in regions not reached under the original Project and encouraging linkages between CONASA-provided services and the agricultural development activities of USAID's Integrated Rural Development and Title XII Projects.

II. Description:

This Project proposes to expand and continue support for activities which were initiated in FY 80 under LAC Regional Project No. 598-0579 and led to the creation of CONASA and the sponsoring of pilot crop credit insurance programs in selected areas of Ecuador. As indicated in the above cited Project Paper (part III, B, 1, p. 29), the original Project was initiated with an eye to a follow-on activity in order to expand the program to national scope. With the proposed funding CONASA will be able to diversify its activities both geographically and in the services it offers. This in turn is expected to increase the amount of agricultural credit available to small farmers from private domestic sources, thus improving the likelihood of adoption of technologies being introduced under various USAID and other programs. Specifically, USAID expects that small farmers in the Mission's Central Sierra project areas will greatly benefit and that the rate of adoption of new technologies in Quimiag-Penipe, Salcedo and other IRD areas will be increased.

The crop insurance program is an all-risk program. It protects both farmers and lenders against losses arising from any cause except losses induced by the farmer himself. This provides the broadest

margin of security for the interested parties and stimulates the greatest changes in behavior. Loss payments are made to the banks. If payments exceed the outstanding loan, the balance will be paid directly to the farmer. Although in most cases the farmer will not be receiving direct cash payments, he will have his bad debt liquidated thus restoring his ability to borrow in subsequent years.

Whereas the initial Project made insurance available for only a few selected crops in specific regions of the country, this follow-on Project will allow for additional fruit and vegetable crops, generally favored by the small farmers of the Sierra, to be insured. The amount of insurance can be split in two parts. The first part is mandatory for all borrowers and will be equal to the production cost or loan on the crop. The second part can be voluntary and will represent the net of farmer's income.

The proposed A.I.D. loan will finance a continuation of IICA technical assistance to CONASA, training and other costs to expand CONASA's staff, office equipment and vehicles, CONASA publications, and other costs that may be necessary to expand CONASA's institutional and technical capacity. The GOE counterpart will cover additional contributions to CONASA's insurance fund that can probably not be financed by A.I.D.

III. Beneficiaries:

The Project will generally benefit Ecuador's entire agricultural sector, and will specifically benefit the small agricultural producer. CONASA will also be a direct beneficiary of the project.

IV. Implementing Agencies:

IICA, which played a major role in organizing and implementing the original Project, will continue to have a major part in administration and provision of technical assistance to CONASA. CONASA will be the actual implementing agency. The Project will be carried out with the cooperation of MAG and the various national lending institutions.

Country/Office 518 - Ecuador

TABLE V - FY 1983 PROPOSED PROGRAM RANKING

RANK	DECISION PACKAGE/PROGRAM ACTIVITY DESCRIPTION	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		WORK FORCE (Number of Workmonths)	
					INCR	CUM	INCR	CUM
	DECISION PACKAGE MINIMUM AND CURRENT							
	Pipeline Projects					(8700)	132	234
	New and Continuing Projects							
1	518-0032 Rural Technology Transfer System (Title XII)	0	G	FN	1000			
2	518-0012 Integrated Rural Development	0	L	FN	4000			
3	518-0015 Rural Health, Nutrition and Potable Water	0	G	HE	250			
4	518-0026 Population and Family Planning	0	L	HE	1000			
5	518-0023 Forestry and Natural Resources Conservation	0	G	PN	700			
6	518-0019 Rural Enterprise Development	0	L	FN	200			
7	518-0029 Alternative Energy Sources	0	G	FN	1000			
8	518-0017 Training for Development	0	L	FN	400			
9	518-0022 Integrated Shelter and Urban De- velopment	0	G	FN	1500			
10	PL-480 CARE and CRS	0	L	SD	300			
11	518-0021 Municipal Development - Secondary Cities	0	G	EH	370			
12	518-0025 Science and Appropriate Technol.Dev.	0	G	SD	100			
13	518-0034 Private Enterprise In- vestment Studies	0	G	SD	100			
14	518-0005 PD and S - FN	0	G	SD	100			
15	518-0009 PD and S - HE	0	G	SD	50			
16	518-0011 PD and S - SD	0	G	SD	110			
17	518-0016 PD and S - EH	0	G	SD	30			
18	518-0013 PD and S - PN	0	G	SD	40			
19	518-9997 Proposed OPGs - FN	0	G	SD	200			
					(1943)	11220		
					400	11620		
					300	11920		
					200	12120		
					100	12220		
					50	12270		
					110	12380		
					30	12410		
					40	12450		
					200	12650		

(1) Additionally, there will be in the pipeline approximately US \$18.0 million corresponding to HG 518-4E-005
 (2) Includes 1.5 part time PNDH employees

TABLE V - FY 1983 PROPOSED PROGRAM RANKING										Country/Office 518 - Ecuador			
RANK	DECISION PACKAGES/PROGRAM ACTIVITY	DESCRIPTION	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		WORKFORCE (Number of Workmonths)		INCR	CUM	INCR	CUM
						INCR	CUM	INCR	CUM				
20	518-9997	Proposed OPGs - SD	N	G	SD	100	12750						
21	518-9997	Proposed OPGs - HE	N	G	HE	200	12950						
22	518-0004	Special Development Activities	0	G	SD	50	13000						
23		Basic Workforce					13000			132			234
		Total Minimum-Current Package and Related Workforce				13000				132			234
		DECISION PACKAGE AAPL											
24	518-0032	Rural Technology Transfer System (Title XII)	N	L	FN	1000	14000			132			234
25	518-0023	Forestry and Natural Resources Conservation	0	L	FN	1000	15000			132			234
26	518-0019	Rural Enterprise Development	0	L	FN	500	15500			132			234
27	518-0021	Municipal Development-Secondary Cities	N	G	SD	200	15700			132			234
28	518-0025	Science and Appropriate Technology	N	G	SD	300	16000			132			234
29	518-0034	Studies for Private Enterprise Investments	N	G	SD	400	16400			132			234
30	518-9997	Proposed OPGs - FN	N	G	FN	200	16600			132			234
31	518-9997	Proposed OPGs - SD	N	G	SD	100	16700			132			234
32	518-9997	Proposed OPGs - HE	N	G	HE	200	16900			132			234
33	518-0011	PD and S - SD	0	G	SD	50	16950			132			234
34	518-0004	Selected Development Activities	0	G	SD	50	17000			132			234
35		Program Office Workforce Increment				-	17000			132			234
		Total AAPL Package and Related Workforce				4000				-			-

5 1 8 - E C U A D O R

FY-83 ABS

PROPOSED PROGRAM RANKING NARRATIVES

A new A.I.D. program was initiated in Ecuador in FY-1980 to support key elements of the GOE's National Development Plan for 1980-84. The entire A.I.D. Program is designed to assist Ecuadorean efforts to develop or strengthen its institutional capacity and provide technology transfers for key development sectors. With the recent death of President Roldós, USG support for Ecuador's constitutional government and its Development Plan will be more important than ever before.

The A.I.D. Program is being directed to only a few sectors of highest priority and field level activities are being concentrated in relatively small geographic areas to maximize the impact of limited A.I.D. funding and staff resources. The Program is providing assistance for: Integrated Rural Development (IRD), Rural Technology Transfer (Title XII), Integrated Urban Development (IUD with HGs), Family Planning, Public Sector Management Training/Studies, Alternative Energy and Science/Appropriate Technology and PVO Development including PL-480 Title II.

The "building blocks" or projects that make up the A.I.D. Ecuador Program have been--or they are being developed/authorized--in FY-1980, FY-1981 and FY-1982. It is expected that FY-1983 and FY-1984 will be "transition years". During this transition period, major USAID emphasis will focus on providing incremental funding for the basic core program (IRD, Title XII, IUD, Family Planning, Training for Development, Alternative Energy, PVOs) and intensifying USAID support for project implementation. For example, the only loan proposed in FY-1983 is an add-on for the FY-1980 Rural Technology Transfer (Title XII) Project. Three small grants are proposed, two of which (Municipal Development and Science and Appropriate Technology) are related to other ongoing activities. (Even the shelf loan project is an add-on to a successful regionally funded effort that is developing an Ecuadorean Agricultural Crop Insurance Corporation.) These latter grants and a small project for Private Enterprise Investment Studies--plus implementation experience under the core program--will provide a planning base for the development of a new CDSS in 1984 to respond to a new GOE administration that will probably take office in mid-1984.

The FY-1983 Program, and its ranking of project priorities is based on the following premises:

--Given the serious economic and social problems that exist in Ecuador, the rural and poverty sectors will continue to receive high priority GOE attention;

--That no special political, economic or other circumstances will arise that require major new A.I.D. development initiatives in FY-1983 or FY-1984. In other words, events will allow for the completion of funding for the core program--as described above--and for the development of a new CDSS planning framework for the period beginning after 1984.

--And that it is necessary to expand Title XII efforts in Ecuador and to begin now to look for innovative ways to attract private sector resources to the Ecuadorean development process.

The above premises and the Proposed Program Ranking contained in Table V, are fully consistent with the overall objectives contained in the CDSS. For example, the CDSS discusses the need to address, through the A.I.D. Program, the following major Ecuadorean development problems:

1. Agricultural stagnation and lack of rural development.
2. Widespread underemployment and low productivity, especially in the rural areas.
3. A high population growth rate of over 3.0 percent.
4. Growing energy problems that require new programs to develop, test, and disseminate alternative energy technologies.
5. Increasing environmental deterioration and pollution.
6. A weak public administration that is presently ill equipped to address efficiently the problems posed by Ecuador's development needs.
7. Secondary cities that are presently unable to generate sufficient employment and quality of life to hold population and better serve as regional growth and service centers.
8. Scientific and technological weaknesses which limit the GOE's ability to be responsive to the development needs of the country.

The ranking of projects in Table V clearly reflects that the FY-83 program is centered around addressing the above listed constraints, as follows:

1. The Rural Technology Transfer System (Title XII), the Forestry and Natural Resources Conservation and the IRD Projects, respond to: a) the need to strengthen institution, technological and financial weaknesses in the agricultural sector, and b) the completion of inputs to the IRD program. This latter consideration is also valid for the Rural Health, Nutrition and Potable Project.

Additionally, the PL-480 Title II project will not only contribute to MCH activities and support ongoing efforts to produce fortified foods, but it will also be integrated and will complement the inputs that are already being provided for the IRD and IUD projects.

2. The Rural Enterprise Development Project will attack pervasive under-employment in the rural areas through the implementation of an institutionalized approach to generate off-farm jobs at lower levels of investment per job created.
3. The Population and Family Planning Project is designed to address the problem of Ecuador's high population growth rate by: a) assisting public and private institutions in developing and implementing appropriate population policies; b) expanding and improving family planning service delivery systems; and c) stimulating and expanding the demand for family planning services.
4. The Alternative Energy Sources project will contribute to institutionalizing the GOE's concern and effort to develop non-conventional energy technologies.
5. The Training for Development Project will assist the GOE improve the efficiency of public administration and facilitate planning and implementation of development activities, especially those directed to the poor.
6. The Municipal Development-Secondary Cities project will reinforce ongoing GOE decentralization efforts; create a local capability for addressing municipal development problems; and develop a capability in secondary cities for becoming rural growth and service centers utilizing mainly a Housing Guaranty Loan for Secondary Cities.
7. The Science and Appropriate Technology Project will strengthen the recently created National Science and Technology Council (CONACYT) within the National Development Council (CONADE) and will assist CONACYT to begin upgrading Ecuador's scientific and technological resources and direct them to the most pressing development problems.
8. Ongoing and proposed OPGs will continue to reinforce the Mission's effort to incorporate U.S. and local private voluntary participation in projects that look for new and replicable approaches to attack the problems of the poor majority. A new grant will begin a process of attempting to mobilize private enterprise resources to assist GOE efforts in meeting key development problems.

In addition to the above considerations which tie the ranking to CDSS goals, the need to assign the highest priority to meeting ongoing commitments has been taken into account. Practically the only new item that is ranked higher than ongoing activities is the loan component of the Rural Technology Transfer System.

TABLE VIII

OPERATING EXPENSE SUMMARY

	FY 1980			FY 1981			FY 1982		
	(\$000's)	Related Workyear	Unit Cost	(\$000's)	Related Workyear	Unit Cost	(\$000's)	Related Workyear	Unit Cost
COST SUMMARIES									
US Direct Hire	430.9	10	43.1	571.9	12	47.7	804.0	11	73.1
FN Direct Hire	189.1	16	11.8	274.1	a) 19	14.4	324.8	b) 19 1/2	16.7
US Contract Pers.	-			-			85.8	1	85.8
FN Contract Pers.	-			-			30.0	1	30.0
Housing Expense	108.2	10	10.8	205.1	12	17.1	173.7	11	15.8
Office Operations + FAAS	540.0	xx	xx	550.6	xx	xx	759.0	xx	xx
Total Budget	1268.2	xxx	xxx	1601.7	xx	xx	2177.3	xx	xx
Mission Allotment	911.8	xxx	xxx	1077.0	xx	xx	1474.0	xx	xx
FAAS	12.2	xxx	xxx	31.7	xx	xx	42.0	xx	xx
Trust Fund	-	xxx	xxx		xx	xx		xx	xx

a) Includes 1 FNDH part-time employee

b) Includes 1 1/2 FNDH part-time employees

TABLE VIII

COST SUMMARIES	FY 1983			FY 1983			FY 1983		
	(\$000's)	Related Workyear	Unit Cost	(000's)	Related Workyear	Unit Cost	(\$000's)	Related Workyear	Unit Cost
US Direct Hire	797.6	11	72.5				797.5	11	72.5
FN Direct Hire	345.3	(a) 19 1/2	17.7				345.3	(a) 19 1/2	17.7
US Contract Pers.	95.0	1	95.0				95.0	1	95.0
FN Contract Pers.	35.0	1	35.0				70.0	2	35.0
Housing Expense	203.4	11	18.5				250.5	11	22.8
Office Operations	888.0	XX	XX		XX	XX	1091.0	XX	XX
Total Budget	2364.3	XX	XX		XX	XX	2649.3	XX	XX
Mission Allotment	1639.8	XX	XX		XX	XX	1924.8	XX	XX
FAAS	50.0	XX	XX		XX	XX	50.0	XX	XX
Trust Fund	--	XX	XX		XX	XX	--	XX	XX

a) Includes 1 1/2 FNDH part-time employees

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country Ecuador

Sponsor's Name Catholic Relief Services

A. Maternal and Child Health.....Total Recipients 35,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>35,000</u>	<u>SFRO</u>	<u>836</u>	<u>411,312</u>
		836	411,312
<u>Total MCH</u>			

B. School Feeding.....Total Recipients 17,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>17,000</u>	<u>SFRO</u>	<u>170.1</u>	<u>83,689</u>
	<u>ICSM</u>	<u>170.1</u>	<u>87,942</u>
	<u>WSB</u>	<u>170.1</u>	<u>84,710</u>
<u>Total School Feeding</u>	<u>SFBF</u>	<u>170.1</u>	<u>66,169</u>
	<u>VO</u>	<u>84.8</u>	<u>78,275</u>
	<u>NFDM</u>	<u>170.1</u>	<u>71,272</u>
		935.3	472,307
<u>Total Other Child Feeding</u>			<u>14,000</u>

C. Other Child Feeding.....Total Recipients 14,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>14,000</u>	<u>SFRO</u>	<u>167.8</u>	<u>82,558</u>
	<u>ICSM</u>	<u>167.8</u>	<u>86,753</u>
	<u>WSB</u>	<u>167.8</u>	<u>83,564</u>
<u>Total Other Child Feeding</u>	<u>SFBF</u>	<u>167.8</u>	<u>65,274</u>
	<u>VO</u>	<u>83.9</u>	<u>77,691</u>
	<u>NFDM</u>	<u>167.8</u>	<u>70,308</u>
		922.9	466,148
<u>Total Food for Work</u>			<u>10,000</u>

D. Food for Work.....Total Recipients 10,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>10,000</u>	<u>ICSM</u>	<u>108</u>	<u>55,836</u>
	<u>SF Bulgur</u>	<u>108</u>	<u>36,504</u>
<u>Total Food for Work</u>	<u>SFRO</u>	<u>108</u>	<u>53,136</u>
	<u>VO</u>	<u>58.1</u>	<u>53,801</u>
	<u>WSB</u>	<u>108</u>	<u>53,784</u>
		490.1	253,061
<u>Total Other (Specify)</u>			<u>5,000</u>

E. Other (Specify).....Total Recipients 5,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>5,000</u>	<u>ICSM</u>	<u>59</u>	<u>30,503</u>
	<u>SF Bulgur</u>	<u>59</u>	<u>19,942</u>
<u>Total Other</u>	<u>SFRO</u>	<u>59</u>	<u>29,028</u>
	<u>VO</u>	<u>29</u>	<u>26,854</u>
	<u>WSB</u>	<u>59</u>	<u>29,382</u>
		265	135,709

II. Sponsor's Name _____

1,738,537

FY 1983 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II

I. Country ECUADOR

Sponsor's Name CARE

A. Maternal and Child Health.....Total Recipients 270,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
<u>270,000</u>	<u>Defatted Soy flour</u>	<u>900</u>	<u>350.1</u>
<u>Total MCH</u>		<u>900</u>	<u>350.1</u>

B. School Feeding.....Total Recipients 0

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
<u>Total School Feeding</u>		_____	_____

C. Other Child Feeding.....Total Recipients 0

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
<u>Total Other Child Feeding</u>		_____	_____

D. Food for Work.....Total Recipients 0

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
<u>Total Food for Work</u>		_____	_____

E. Other (Specify).....Total Recipients 0

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	Dollars
_____	_____	_____	_____
<u>Total Other</u>		_____	_____

II. Sponsor's Name _____

5 1 8 - E C U A D O R

FY-83 ABS

PL-480 TITLE II NARRATIVE

Two voluntary agencies, CARE and CRS, currently operate Title II Programs in Ecuador. CARE provides defatted soy flour to the Ministry of Health. The Ministry mixes this soy with oats provided by the World Food Program and milk donated by the EEC to produce leche-avena, a supplementary food distributed to mothers and children in MOH facilities throughout Ecuador. CRS supplies the Ministry with soy fortified rolled oats which are mixed with milk to produce leche-avena which is turned over to CRS for distribution in the facilities of Promoción Humana, CRS' counterpart agency. Production and distribution of leche-avena by the Ministry has been erratic, and the program's influence on nutritional status must still be determined.

In addition, CRS imports various other Title II commodities for other child feeding, school feeding, and old age homes. A food for work program is authorized for FY-82.

The Mission recognizes the difficulties in the MCH program as noted above and has reported on its plans to correct them and integrate Title II into its nutrition strategy (see USAID's bi-annual report to FFP/W, Quito 3068). In brief, this strategy consists of: (1) improving the logistic capability of the program through an OPG and an outreach grant to CARE over the short term; and (2) evaluating the program and assisting the GOE to produce food supplements based on domestic products over the long term. The Mission plans a complete phase out of Title II MCH inputs from FY-84 (CRS) to FY-86 (CARE).

The Mission has reviewed the FY 1982 Operational Plans of CARE and CRS. The CARE Plan is enclosed. CRS' three year plan (FY 81-83) does not reflect current MCH program realities, although its descriptions of CRS' other programs are still reasonably valid. This plan needs to be revised to reflect the CRS figures in Table XIII, but cannot be revised until difficult negotiations with the MOH on its future involvement in the MCH are concluded. The Mission will forward the revised CRS plan to AID/W when it is available.

In the meantime, the Mission concurs with the overall levels and values of commodities noted in Table XIII, although there may be some shifting of resources among CRS's programs (e.g. from old age homes or OCF to MCH or FFW, etc.). FY 1982 figures are based on levels and prices authorized by FFP/W in State 107103. FY 1983 figures are derived from authorized FY 1982 levels and the FY 1983 prices noted in State 128360.