

# Annual Budget Submission

FY 1989

**ECUADOR**

JUNE 1987



Agency for International Development  
Washington, D.C. 20523

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USAID/ECUADOR  
FY 1989 ANNUAL BUDGET SUBMISSION

June, 1987

FY 1989 ANNUAL BUDGET SUBMISSION

518 - ECUADOR

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TABLE I - Long Range Plan by Appropriation Account

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ 000)  
 COUNTRY 518 - ECUADOR

	FY 1988				PLANNING PERIOD			
	FY 1986 ACTUAL	FY 1987 ESTIMATE	CP ESTIMATE	FY 1989 AAPL	1990	1991	1992	1993
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION								
TOTAL	10890	7400	5919	5994	7000	7500	7700	7300
GRANTS	7090	6300	4319	4294	4000	4200	5200	4800
LOANS	3800	1100	1600	1700	3000	3300	2500	2500
POPULATION PLANNING								
TOTAL	987	1206	1583	1456	1550	1331	1341	1354
GRANTS	987	1206	1583	1456	1287	1331	1341	1354
LOANS	0	0	0	0	0	0	0	0
(CENT PROC COMMDD) ( 67 ( 89)				( 200)				
HEALTH								
TOTAL	5334	1041	1250	1650	1500	1200	1200	1300
GRANTS	1334	1041	1250	1650	1500	1200	1200	1300
LOANS	4000	0	0	0	0	0	0	0
CHILD SURVIVAL								
TOTAL	0	1000	1950	1650	2000	2200	2200	2200
GRANTS	0	1000	1950	1650	2000	2200	2200	2200
LOANS	0	0	0	0	0	0	0	0
EDUCATION								
TOTAL	4750	2918	2950	2750	2000	1800	1800	1800
GRANTS	4750	2918	2950	2750	2000	1800	1800	1800
LOANS	0	0	0	0	0	0	0	0
SELECTED DEVELOPMENT ACTIVITIES								
TOTAL	5144	2771	3348	3500	3500	3500	3500	4000
GRANTS	3894	2771	3348	2750	2000	2000	2500	3000
LOANS	1250	0	0	750	1500	1500	1000	1000
SUBTOTAL FUNCTIONAL ACCOUNTS								
TOTAL	27105	16336	17000	17000	17287	17531	17741	17954
GRANTS	18055	15236	15400	14550	12787	12731	14241	14454
LOANS	9050	1100	1600	2450	4500	4800	3500	3500
INTERNATIONAL DISASTER ASSISTANCE								
TOTAL	0	0	0	0	0	0	0	0
TOTAL DA ACCOUNT								
TOTAL	27105	16336	17000	17000	17287	17531	17741	17954
GRANTS	18055	15236	15400	14550	12787	12731	14241	14454
LOANS	9050	1100	1600	2450	4500	4800	3500	3500
ECONOMIC SUPPORT FUND								
TOTAL	20216	12315	17000	17000	17281	17531	17741	17954
GRANTS	20216	12315	17000	17000	10281	10531	10741	10954
LOANS	0	0	0	0	7000	7000	7000	7000
DA AND ESF TOTAL								
TOTAL	47321	28651	34000	34000	34568	35062	35482	35908
GRANTS	38271	27551	32400	31550	23068	23262	24982	25408
LOANS	9050	1100	1600	2450	11500	11800	10500	10500
PL-480								
TITLE I	(5000	(---	(---	(---	(---	(---	(---	(---
TITLE II	(659	( 647)	(378)	(450)	(450)	(---	(---	(---
TITLE III	(---	(---	(---	(---	(---	(---	(---	(---
SECTION 416	(---	(7000)	(8000)	(7000)	(7000)	(7000)	(---	(---
HOUSING GUARANTIES	(---	(10000)	(15000)	(10000)	(10000)	(---	(---	(---

**TABLE IV - Project Budget Data**

- A. Attachment 1 - Forestry**
- B. Attachment 2 - Integrated Resource Management**
- C. Attachment 3 - Biological Diversity**
- D. Attachment 4 - Child Survival**





FY - 89 ANNUAL BUDGET SUBMISSION  
TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER AND TITLE	SUBJECT	PROJ	C	L	OBLIG. DATE INIT	DATE FIN	TOTAL COST AUTH	FY-86		FY-87		FY-88		FY-89		ITEM NO.			
								PLUM	THRU	PIPE	DELTA	EXPEND	DELTA	EXPEND	DELTA		EXPEND		
COUNTRY: 818 - EDUCOR																			
CHILD SURVIVAL																			
518-0000.06	PROGRAM DEVELOPMENT AND SUPPORT - EAR				87	C	0	0	0	0	40	10	0	200	75	100	15%		
518-0015	INTERPERSONAL HEALTH DELIVERY SYSTEM C.S.				85	87	4,000	4,960	4,000	3,000	960	1,000	0	0	1,200	0	0%	PC, CS	
518-0071	CHILD SURVIVAL				88	91	0	6,000	0	0	0	0	0	1,750	200	1,550	36%	PC, CS	
APPROPRIATION TOTAL																			
								4,000	10,960	4,000	3,000	1,000	1,010	0	1,950	1,475	1,650		
								4,000	10,960	4,000	3,000	1,000	1,010	0	1,950	1,475	1,650		
								0	0	0	0	0	0	0	0	0	0	0	
EDUCATION AND HUMAN RESOURCES																			
518-0000.04	PROGRAM DEVELOPMENT AND SUPPORT - EAR				86	C	0	480	340	268	360	0	250	210	100	15%			
518-0016	PROGRAM DEVELOPMENT AND SUPPORT - EAR				79	85	0	1,279	419	0	304	0	0	135	0	0	0%		
518-0017	TRAINING FOR DEVELOPMENT				80	86	1,300	1,300	457	0	350	0	0	107	0	0	0%		
518-0035	GRADUATE MANAGEMENT TRAINING				86	90	10,000	10,000	3,500	1,200	600	5,300	900	1,600	1,250	100%			
518-0036	REVENUE GENERATION FOR DEVELOPMENT				83	84	1,000	1,000	209	0	209	0	0	0	0	0%			
518-0038	VOCATIONAL EDUCATION DEV. OHS				82	83	328	328	21	0	21	0	0	0	0	0%			
518-0041	PROFESSIONAL DEVELOPMENT INSTITUTE OPS				84	85	368	368	323	0	165	0	0	158	0	0%			
518-0042	FISCAL ADMINISTRATION DEV.				85	85	2,200	2,200	2,117	0	900	0	0	1,217	0	0%			
518-0043	ENVIRONMENTAL EDUCATION OPS				83	85	635	635	121	0	121	0	0	0	0	0%			
518-0044	TECHNICAL TRAINING OPS				84	86	611	821	417	210	212	0	0	220	0	0%			
518-0045	SPECIAL EDUCATION RESOURCES CENTER OPS				83	85	50	50	48	0	48	0	0	0	0	0%			
518-0055	TECHNICAL SKILLS TRAINING DEVELOPMENT OPS				86	87	597	597	140	0	100	457	180	0	0	100%			
518-0061	CHILD FAMILY AND COMMUNITY DEVELOPMENT OPS				85	87	640	500	299	140	225	0	0	214	0	0%			
518-0064	PHOTOCOPY EDUCATION				91	91	1,000	1,000	0	900	100	700	400	300	300	100%			
518-0067	MODERN PEDICE SCHOLARSHIP PROGRAM				87	89	1,600	2,000	0	0	800	100	600	600	600	100%	H10		
518-9999	PRIVATE AND VOLUNTARY ORGANIZATIONS - OPS				78	C	0	0	0	0	0	0	343	80	500	100%			
APPROPRIATION TOTAL								20,349	20,959	12,411	8,431	2,918	3,815	7,257	2,950	4,721	2,750		
GRANT LOAN								0	0	0	0	0	0	0	0	0	0	0	
TOTAL								20,349	20,959	12,411	8,431	2,918	3,815	7,257	2,950	4,721	2,750		





FY 1989 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 1  
FORESTRY

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	LIFE OF PROJECT	----- (US\$000) -----		
			FY-87 ESTIMATE	FY-88 ESTIMATE	FY-89 AAPL
<hr/>					
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION					
<hr/>					
5180023 FORESTRY SECTOR DEVELOPMENT	G	1,450	---	---	---
5180023 FORESTRY SECTOR DEVELOPMENT	L	6,300	---	---	---
5180068 AGRICULTURAL RESEARCH, ESTENSION AND EDUCATION	G	100	20	20	20
5180069 NATURAL RESOURCES MANAGEMENT IN SMALL FARMS	G	500	---	---	200
5180069 NATURAL RESOURCES MANAGEMENT IN SMALL FARMS	L	200	---	---	100
Appropriation Total		8,550	20	20	320
COUNTRY TOTAL		8,550	20	20	320

FY 1989 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 2  
INTEGRATED RESOURCE MANAGEMENT

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	LIFE OF PROJECT	----- (US\$000) -----		
			FY-87 ESTIMATE	FY-88 ESTIMATE	FY-89 AAPL
<hr/>					
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION					
<hr/>					
5180012 INTEGRATED RURAL DEVELOPMENT	L	5,000	---	---	---
5180031 ENVIRONMENTAL CONSERVATION OPG	G	100	---	---	---
5180062 AGRICULTURAL RESEARCH, EXTENSION AND EDUCATION	G	800	200	200	200
5180069 NATURAL RESOURCES MANAGEMENT IN SMALL FARMS	G	2,500	---	---	600
5180069 NATURAL RESOURCES MANAGEMENT IN SMALL FARMS	L	800	---	---	200
5180074 SMALL FARMER IRRIGATION OPG	G	200	70	70	60
Appropriation Total		9,400	270	270	1,060
<hr/>					
EDUCATION AND HUMAN RESOURCES					
<hr/>					
5180043 ENVIRONMENTAL EDUCATION OPG	G	200	---	---	---
Appropriation Total		200	---	---	---
COUNTRY TOTAL		9,600	270	270	1,060

FY 1989 ANNUAL BUDGET SUBMISSION  
 TABLE IV ATTACHMENT 3  
 BIOLOGICAL DIVERSITY

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	LIFE OF PROJECT	----- (US\$000) -----		
			FY-87 ESTIMATE	FY-88 ESTIMATE	FY-89 AAPL
<hr/>					
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION					
<hr/>					
5180023 FORESTRY SECTOR DEVELOPMENT	G	200	---	---	---
5180023 FORESTRY SECTOR DEVELOPMENT	L	150	---	---	---
Appropriation Total		350	---	---	---
COUNTRY TOTAL		350	---	---	---

FY 1989 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 4  
CHILD SURVIVAL

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	LIFE OF PROJECT	----- (US\$000) -----		
			FY-87 ESTIMATE	FY-88 ESTIMATE	FY-89 AAPL
<b>HEALTH</b>					
5180033 STRENGTHENING COMMUNITY ORGANIZATIONS OPG	G	100	---	---	---
5180071 CHILD SURVIVAL	G	2,000	---	850	1,150
Immunization	G	(400)	---	(170)	(230)
Oral Rehydration Therapy (ORT)	G	(400)	---	(170)	(230)
Nutrition	G	(400)	---	(170)	(230)
High Risk Births	G	(400)	---	(170)	(230)
Other C.S. Functions	G	(400)	---	(170)	(230)
Appropriation Total		2,100	---	850	1,150
<b>CHILD SURVIVAL</b>					
5180015 INTEGRATED RURAL HEALTH DELIVERY SYSTEM C.S.	G	4,960	960	---	---
Immunization	G	(1,984)	(384)	---	---
ORT	G	(1,488)	(288)	---	---
Nutrition	G	(1,488)	(288)	---	---
5180071 CHILD SURVIVAL	G	6,000	---	1,750	1,450
Immunization	G	(1,200)	---	(350)	(290)
ORT	G	(1,200)	---	(350)	(290)
Nutrition	G	(1,200)	---	(350)	(290)
High Risk Births	G	(1,200)	---	(350)	(290)
Other C.S. Functions	G	(1,200)	---	(350)	(290)
Appropriation Total		10,960	960	1,750	1,450
COUNTRY TOTAL		13,060	960	2,600	2,600
Immunization		(3,584)	(384)	(520)	(520)
ORT		(3,088)	(288)	(520)	(520)
Nutrition		(3,088)	(288)	(520)	(520)
High Risk Births		(1,600)	---	(520)	(520)
Other C.S. Functions		(1,600)	---	(520)	(520)

TABLE V - Proposed Project Ranking

AID PROGRAM IN FY 1989  
ANNUAL BUDGET SUBMISSION  
TABLE V - PROPOSED PROGRAM RANKING

DECISION UNIT: 518 - ECUADOR

RANK	PROJECT	NEW/ CONT	LOAN/ GRANT	APPROP	PROGRAM FUNDING	
					INCR	CUMM
					(\$000)	
1.	0071 CHILD SURVIVAL	0	G	CS	1,550	1,550
1.	0071 CHILD SURVIVAL	0	G	HE	1,150	2,700
2.	0058 ECONOMIC STABILIZATION PROGRAM	0	G	ESF	17,000	19,700
3.	S416 SECTION 416 FOOD ASSISTANCE				(7,000)	19,700
4.	0068 AG. RESEARCH AND EXTENSION	0	G	ARDN	1,000	20,700
5.	0056 SMALL BUSINESS DEV.	0	G	SDA	700	21,400
6.	0026 POPULATION AND F.P.	0	G	PN	1,416	22,816
7.	0076 SHELTER SECTOR T.A.	0	G	SDA	400	23,216
8.	HIG LOW INCOME SHELTER				(10,000)	23,216
9.	0067 ANDEAN SCHOLARSHIP PROGRAM	0	G	EHR	600	23,816
9.	0067 ANDEAN SCHOLARSHIP PROGRAM	0	G	HE	300	24,116
9.	0067 ANDEAN SCHOLARSHIP PROGRAM	0	G	ARDN	200	24,316
10.	0000.03 PD & S	0	G	PN	40	24,356
10.	0000.05 PD & S	0	G	SDA	200	24,556
10.	0000.06 PD & S	0	G	CS	100	24,656
10.	0000.02 PD & S	0	G	HE	50	24,706
10.	0000.01 PD & S	0	G	ARDN	200	24,906
10.	0000.04 PD & S	0	G	EHR	100	25,006
11.	0051 AG. SECTOR REORIENTATION	0	G	ARDN	683	25,689
12.	0069 NATURAL RESOURCES MGMT.	N	G	ARDN	1,000	26,689
12.	0069 NATURAL RESOURCES MGMT.	N	L	ARDN	500	27,189
13.	0059 LAND TITLING	0	G	ARDN	1,000	28,189
13.	0059 LAND TITLING	0	L	ARDN	1,200	29,389
14.	0065 DEV. PLANNING AND IMPL.	0	G	SDA	600	29,989
15.	0004 SPECIAL DEV. ACTIVITIES	0	G	SDA	200	30,189
16.	0064 NARCOTICS EDUCATION OPG	0	G	EHR	300	30,489
17.	0035 GRADUATE MANAGEMENT TRG.	0	G	EHR	1,250	31,739
18.	0073 PRIVATE SECTOR INV. PROM.	N	G	SDA	500	32,239
18.	0073 PRIVATE SECTOR INV. PROM.	N	L	SDA	750	32,989
19.	9999 PVO OPGs	0	G	EHR	500	33,489
20.	9999 PVO OPGs	0	G	ARDN	211	33,700
21.	9999 PVO OPGs	N	G	HE	150	33,850
22.	9999 PVO OPGs	0	G	SDA	150	34,000

Local Currency Use Plan

TABLE VI - Host Government Local Currency Expenditures

FY 1989 ABS

LOCAL CURRENCY USE PLAN

I. Economic Support Fund (ESF)

The ESF program for Ecuador began in late FY-85. Through FY-89, a projected \$70,531,000 in ESF will be obligated. The local currency (L/C) generated through the Mission's ESF program is used largely in conjunction with Development Assistance funds to reinforce the achievement of A.I.D.'s objectives in Ecuador.

The Mission has consistently sought programming of local currency for private sector uses. While the GOE in principle supports this allocation, pressure on the GOE to utilize these funds for public sector investment has increased as fiscal revenues have plummeted. Nevertheless, the Mission is requiring that, at a minimum, 36 percent of the FY-87 funds finance private sector activities and, unless circumstances change dramatically, the Mission expects to maintain that percentage throughout the ABS period.

Funding in this category directly supports the Mission's Action Plan objective of strengthening the private sector, particularly through the provision of credit to expand production and employment in small enterprises. L/C is used to augment the availability of long term investment credit to small and medium agroindustries, thus contributing to the objective of promoting exports of non-traditional products. The role of the private sector in providing improved housing for low income groups is strengthened by the use of the L/C for mortgage and home improvement financing channeled through private financial institutions and developers.

On the public sector side, L/C funds are or are expected to be programmed to support the Mission objectives of improving health and health services and reducing infant and child mortality through the financing of child survival interventions, malaria eradication efforts, and the construction of rural water and sanitation systems. The ESF L/C program also plays an important role in achieving the objective of increased participant training by providing financing as needed for international travel by A.I.D. participants from the public sector. L/C funds will also be programmed to support narcotics education and awareness programs, through public or private organizations.

As a result of Ecuador's worsening fiscal situation, an increasingly important use of ESF L/C is to fill gaps in GOE budgeted counterpart financing for A.I.D. and other donor

projects. The L/C funds are directed to other donor projects which extend the impact of the A.I.D. program (e.g., rural water and sanitation, emergency reconstruction works) or which provide infrastructure that complements A.I.D. activities in a sector (e.g., rural farm-to-market roads).

## II. Food Assistance

Although there are no PL-480 Title I programs planned beyond the FY 86 program, under which \$5 million of wheat have been received, expenditures of local currencies generated in FYs 85-86 will extend into FYs 87-88. Under Section 416 and Title II programs approved for FYs 86-87, wheat and NFDM will be monetized and the resulting local currencies earmarked for uses related to agricultural policy reform. Additional Section 416 products (approximately \$7m) are being requested for FYs 88-89 under the Food for Progress Program.

1. Relationship to Mission Strategy and Plan: The local currencies (L/C) program is an integral part of the Mission's development strategy. Although the L/C program contributes to other areas, it has been especially critical to activities supporting the objectives of increased agricultural output and preservation and management of natural resources. At a time of reduced AID budgets and fiscal constraints on the GOE due to low oil prices and high debt payments, these funds have become essential for an effective AID program in Ecuador.
2. Country Food Situation: Ecuador is a net exporter of agricultural and food products. The vast majority of its exports, such as bananas, cacao, coffee, and shrimp, do not compete with U.S. agriculture. Ecuador is a deficit producer of a few major products, of which wheat is the most important in terms of volume and value. The country produces only about 5 percent of its wheat needs and imports the remainder from the U.S. A few other products, such as barley, NFDM and soybean products, have been imported fairly regularly, although the country is becoming self sufficient in some of these products, including milk and vegetable oils. Other products are exported some years and/or imported in other depending on factors such as the weather. Ecuador has generally depended on commercial imports. With the current economic crisis, however, a complete dependence exclusively on commercial food imports would obviously limit further the availability of foreign exchange for other essential imports. The PL-480 and Section 416 programs were therefore developed, and additional Section 416 assistance is being proposed to help alleviate the continuing unfavorable

economic climate. Monetization of food is essential. Both the GOE and AID believe that it would be counterproductive to start new subsidized feeding programs which Ecuador will be unable to continue in future years. Further, the funds generated from these programs are needed for priority investments in the agricultural sector.

Wheat and NFDM are the main products being proposed for Section 416 programs. The wheat is milled into flour for production of bread, noodles, and similar products. The wheat is sold directly to the millers who handle all in-country transportation, storage, and processing. NFDM is used for reconstitution into fluid milk and for use in food manufacturing processes. The portion for reconstitution is sold to dairy processing plants and distributed through Government programs designed to provide relatively low-cost basic foods in low-income areas. The NFDM portion used in manufacturing food products is sold directly to the manufacturers who then transport, store and process the product.

3. Level and Justification: A level of \$8 million in Section 416 commodities is proposed for FY88. The proposed program is under the Food for Progress Act which uses food aid as a reward and incentive for countries that have undertaken significant policy reforms to enhance market operations and the role of the private sector in agricultural development. Ecuador clearly qualifies under the criteria of the Act. An important justification for a food aid program for Ecuador is the very serious economic situation that exists with respect to its foreign exchange earnings. The food aid would help alleviate the pressure on foreign exchange. The other important justification is the need for funds to continue the reform process that is enhancing agricultural production. The local currency generated is essential to the completion of the GOE agricultural reform efforts, especially in view of the cuts in other types of development assistance available to the country. Although very substantially larger quantities of local currency could be used very effectively for agricultural and other development efforts it would be difficult to absorb the food products given the UMR for wheat and the harm that would result to domestic production from importation of large amounts of other surplus U.S. products.
4. Food Policies and Reforms: The GOE has carried out a number of significant reforms in both agricultural and nonagricultural sectors of the economy. These reforms have been designed to enhance the role of the market system in economic decisions and activities. Controls on consumer

prices have been relaxed, making the prices for farm products more responsive to market forces. Price supports for important farm products were maintained at 84-85 levels as a transition to a market oriented policy. Import restrictions were relaxed to permit the importation of farm inputs and capital items such as seeds, chemicals, fertilizers, and farm equipment. The BNF credit system has been expanded and improved. The marketing system for agricultural products is being modernized to allow the private sector a greater role while simultaneously moving to increase efficiency. An agricultural commodities exchange was established in April 1986 to allow market forces to operate openly in the establishment of agricultural prices. At the same time, a market news system is being developed to provide private sector sellers and buyers with information. Finally, the agricultural research, education and extension (REE) systems are being strengthened to help assure an adequate supply of human and technological services for farmers and other agriculturalists. A REE project is being designed. L/C will be used to finance GOE counterpart for this Project.

Many of the GOE's major macroeconomic changes are also having or will have an impact on the agricultural sector. Eliminating the overvalued exchange rate will encourage agriculture exports and reduce the incentive to substitute imported capital inputs for labor. The decontrol of interest rates should allow small farmers to compete with large farmers and industrialists for credit, provided of course that such decontrol actually results in increased liquidity within the financial sector.

The movement toward lower, more uniform tariff rates will remove distortions which are believed to have often favored the industrial sector over the agricultural sector.

5. Other Self-Help Measures: See (4) above.
6. Local Currency Uses: Part of the proposed Food for Progress funds will be used for GOE counterpart funds for AID projects. However, most of these funds will contribute to the policy dialogue and reform activities discussed in (3). The private Ecuadorean Agricultural Research Foundation (FEDIA) will receive a large share of these funds to support its efforts to strengthen the agricultural research, extension and education system. Smaller amounts will be used for credit activities, support of agricultural producer organizations, and other activities related to agricultural policy, marketing and production in both the public and private sector.

7. Storage and Distribution Facilities: Ecuador has generally adequate storage and distribution systems. Storage and unloading facilities for wheat are limited at the Port of Guayaquil but can accommodate the proposed program levels with the proper coordination of food aid and commercial shipments.
8. Disincentives: Food aid shipments do not create a significant disincentive to local production. Ecuador's wheat production meets only about five percent of domestic consumption, and that production is protected by a series of Government administrative actions.

Milk shipments could cause disincentives to dairy production if they are distributed in such a way as to compete directly with domestically produced milk. However, the planned quantities and proposed uses of these shipments will minimize such effects.

FY 1989 ANNUAL BUDGET SUBMISSION  
 Table VI: Expenditures of Local Currency Generations  
 (U.S. Dollars, equivalent)  
 (U.S.\$ 000)

Source/Purpose	1986 Actual	1987 Estimated	1988 Planned	1989 Proposed
<b>I. ECONOMIC SUPPORT FUND</b>				
-----				
A. Public Sector Dev. Activities	4,718.2	3,759.9	3,039.5	3,060.0
1. Community Infrastructure	4,210.5	2,378.9		
2. Macroeconomic Policy Analysis	191.9			
3. Ag. Policy Implementation Unit	315.8			
4. Counterpart to aid Funded Participan Training Activities		81.0	80.9	
5. Other to be determined (e.g., potable water, child survival)		1,300.0	2,958.6	3,060.0
B. Private Sector Programs	2,221.0	2,100.0	7,612.6	8,053.4
1. Child Survival				
Counterpart for AID Projects	115.8	500.0	384.2	
2. Private Child Care				
Counterpart for AID Projects		950.0	950.0	
3. Nontraditional Export Credit				
Counterpart for AID Projects	2,105.2			
4. Primary Health Care				
Counterpart for AID Projects		150.0	165.8	
5. Small Enterprise Credit				
Counterpart for AID Projects			1,052.6	
6. Other to be determined (e.g. small enterprise credit, housing, narcotics education)		500.0	5,060.0	8,053.4
C. Public Sector Recurrent Budget	4,210.5	8,297.5	6,195.0	6,195.0
1. Counterpart-AID/IFI Projects	4,210.5	8,247.5	6,120.0	6,120.0
2. Program Administration	0.0	50.0	75.0	75.0
D. AID Operating Expense Trust Fund	2,403.2	1,261.5	1,700.0	1,700.0
<b>II. DEVELOPMENT ASSISTANCE</b>				
-----				
SUBTOTAL ESF AND DA	13,552.9	15,418.9	18,547.1	19,008.4
-----				

FY 1989 ANNUAL BUDGET SUBMISSION  
 Table VI: Expenditures of Local Currency Generations  
 (U.S. Dollars, equivalent)  
 (U.S.\$ 000)

Source/Purpose	1986 Actual	1987 Estimated	1988 Planned	1989 Proposed
<b>III. FOOD ASSISTANCE</b>				
<b>A. Public Sector Dev. Activities</b>				
1. PL480 Implementation Secretariat	31.0	73.6	138.9	138.9
2. Policy Analysis Unit	181.4	210.5	111.1	111.1
3. Science & Techn. Commission	243.5			
4. Int'l Donor Coord. Unit	88.1	89.5		
5. Marketing Systems Promotion	126.3	157.9	68.0	
6. Rural Potable Water	368.4	421.0	416.6	
7. Counterpart for AID Projects	1,688.1	2,389.4	5,182.1	2,666.6
<b>B. Private Sector Programs</b>				
1. Science Foundation	124.3	126.6	1,500.0	
2. Support to Producers Associations RTTS	425.3	189.4		
3. Other Producers Associations	124.3	210.5	261.0	500.0
4. 4-F Foundation (Rural Youth)	155.4			
5. Coffee Rust Control	547.4	142.1	100.0	
6. Charles Darwin Foundation	150.0			
7. Agr. Commodities Exchange	829.0	421.1	333.3	
8. Ag. Credit Mobilization	409.3	421.1	1,500.0	
9. Ag. Storage Facilities	139.9			
10. Ag. Research Foundation		673.6	1,311.0	
<b>C. Other Ag. Development Activities</b>				
1. Research and Extension			250.0	250.0
2. Credit for Small Farmers			500.0	500.0
3. CARE OPG			150.0	
4. Small Farm Irrigation			122.4	
5. Ag. Sector Promotion Campaign		263.0	204.0	100.0
6. Calf Milk Replacer Project	90.5	88.4		
<b>SUBTOTAL FOOD ASSISTANCE</b>				
	5,722.2	5,877.7	12,148.4	4,266.6
<b>COUNTRY TOTALS</b>				
	19,275.1	21,296.6	30,695.5	23,275.0

**Summary Data on Overseas Operating Expenses**

FY 1987 ANNUAL BUDGET SUBMISSION  
 EDUPOR (25318) TABLES VIII

EXPENSE CATEGORY	FUND CLASS	OBJ	FY 1986 ACT. (\$ 000)				FY 1987 EST. (\$ 000)				FY 1988 REQUEST (\$ 000)				FY 1989 REQUEST (\$ 000)			
			TRUST FUNDS	TOTAL	UNIT COST	UNIT	TRUST FUNDS	TOTAL	UNIT COST	UNIT	TRUST FUNDS	TOTAL	UNIT COST	UNIT	TRUST FUNDS	TOTAL	UNIT COST	UNIT
U.S. DIRECT HIRE	0100		1,173.7	5.8	1,179.5	1,550.0	0.0	1,550.0		1,569.2	0.0	1,569.2	1,780.8	0.0	1,780.8			
U.S. CITIZENS BASIC PAY	0101	110	767.5	13.0	59.0	861.9	18.0	47.9	1,047.3	18.0	58.2	1,099.6	18.0	51.1				
PIYTERP U.S. BASIC PAY	0102	112	13.6			17.6			18.5			19.4						
DIFFERENTIAL PAY	0103	116	115.1			129.3			157.1			164.9						
OTHER AID/W FUND CODE 11	0104	118	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
EDUCATION ALLOWANCES	0105	119	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
OTHER MISSION FUND CODE 11	0106	126	36.0	0.0	36.0	105.0	19.0	5.5	101.9	19.0	4.6	101.0	21.0	4.8				
RETIEMENT-U.S. DIRECT HIRE	0107	120	54.7			61.6			74.6			78.3						
LIVING ALLOWANCES	0108	428	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
OTHER AID/W FUND CODE 12	0109	129	14.1			17.2			20.9			22.0						
OTHER MISSION FUND CODE 12	0110	129	8.6			61.1			4.6			22.2						
POST ASSIGNMENT - TRAVEL	0111	212	26.5	0.0	26.5	5.3	34.2	10.0	3.4	2.4	2.0	16.7	0.0	16.7	6.0	2.8		
POST ASSIGNMENT - FREIGHT	0112	220	0.0	0.0	0.0	15.4	302.0	10.0	20.2	15.5	2.0	7.8	0.0	93.0	6.0	15.5		
HOME LEAVE - TRAVEL	0113	212	13.9	0.0	13.9	5.0	2.8	3.0	3.8	32.3	0.0	37.3	5.0	6.5	62.0	12.0		
HOME LEAVE - FREIGHT	0114	220	12.7	0.0	12.7	5.0	2.5	1.9	1.9	13.0	0.0	13.0	5.0	2.6	29.4	12.0		
EDUCATION TRAVEL	0115	215	3.0	0.0	3.0	6.0	0.5	1.8	1.8	2.0	1.0	2.2	0.0	2.2	1.0	2.2		
R AND R TRAVEL	0116	215	14.3	0.0	14.3	20.0	0.7	15.3	0.9	34.0	0.0	34.0	34.0	3.0	23.1	21.0		
OTHER CODE 215 TRAVEL	0117	215	16.5	0.0	16.5	7.0	2.4	22.3	5.0	46.0	0.0	46.0	5.0	9.2	47.0	5.0		
F. N. DIRECT HIRE	0200		0.0	145.5	145.5	0.0	238.2	238.2	0.0	275.9	275.9	0.0	328.4	328.4				
BASIC PAY	0201	114	0.0	124.4	124.4	7.8	16.0	10.3	0.0	198.2	198.2	0.0	238.0	238.0	16.0	14.9		
QUARTERLY HOLIDAY PAY	0202	115	0.0	2.6	2.6	1.3	6.0	1.0	6.0	0.0	7.0	0.0	7.0	7.0	1.0	7.0		
ALL OTHER CODE 11 - FN	0203	119	0.0	1.8	1.8	0.0	59.0	59.0	0.0	70.6	70.6	0.0	83.4	83.4				
ALL OTHER CODE 12 - FN	0204	129	0.0	15.7	15.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
BENEFITS FORMER FN PERSONNEL	0205	120	0.0	1.0	1.0	0.0	8.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
CONTRACT PERSONNEL	0300		674.8	29.5	704.4	295.0	731.0	1,026.0	173.4	838.6	1,012.0	167.0	997.1	1,164.1				
PASA TECHNICIANS	0301	258	30.0	0.0	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
U.S. PSC - SALARY/BENEFITS	0302	113	170.1	0.0	170.1	34.0	295.0	6.0	49.2	173.4	0.0	173.4	4.0	43.4	167.0	3.0		
ALL OTHER U.S. PSC COSTS	0303	255	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
F. N. PSC - SALARY/BENEFITS	0304	113	29.8	29.5	59.3	4.0	14.8	2.0	33.0	0.0	61.0	0.0	64.0	64.0	2.0	32.0		
ALL OTHER F. N. PSC COSTS	0305	255	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
TEMPORARY CONTRACTS	0306	259	391.4	0.0	391.4	0.0	665.0	665.0	0.0	777.6	777.6	0.0	933.1	933.1				
JCC COSTS PAID BY AID/W	0307	113	53.5	0.0	53.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
HOUSING	0400		183.1	17.6	200.7	339.6	0.0	339.6	356.2	0.0	356.2	376.2	0.0	376.2				
RESIDENTIAL RENT	0401	235	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
RESIDENTIAL UTILITIES	0402	235	0.0	3.2	3.2	5.0	0.0	5.0	8.0	0.0	8.0	9.0	0.0	9.0				
MAINTENANCE AND RESERVATION	0403	259	0.0	5.7	5.7	4.0	0.0	4.0	5.0	0.0	5.0	5.0	0.0	5.0				
QUARTERS ALLOWANCE	0404	127	140.0	0.0	140.0	13.0	10.8	14.5	16.8	243.8	0.0	243.8	17.0	14.3	256.0	17.0		
RESIDENTIAL FURNITURE/EQUIP	0405	311	34.9	0.0	34.9	48.9	0.0	48.9	56.0	0.0	56.0	58.8	0.0	58.8				
TRANS./FREIGHT - CODE 311	0406	220	5.0	0.0	5.0	21.3	0.0	21.3	24.3	0.0	24.3	25.0	0.0	25.0				
SECURITY GUARD SERVICES	0407	259	0.0	8.7	8.7	13.3	0.0	13.3	3.0	4.4	16.0	0.0	19.2	0.0	19.2	3.0		
OFFICIAL RESIDENCE ALLOWANCE	0408	254	1.5	0.0	1.5	1.4	0.0	1.4	1.5	0.0	1.5	1.5	0.0	1.5				
REPRESENTATION ALLOWANCES	0409	252	1.7	0.0	1.7	1.6	0.0	1.6	1.7	0.0	1.7	1.7	0.0	1.7				
OFFICE OPERATIONS	0500		586.8	751.5	1,328.2	748.5	806.6	1,355.0	1,007.2	338.9	1,346.1	1,273.1	174.5	1,447.6				



TABLE VIII (a)

NARRATIVE

1. Reasons for Increase

FY87 has been a tumultuous year for USDH turnover at the Mission. The unexpected transfers and replacements of USDH personnel and the increasing of the USDH FTE from 14 to 18 accounts for the movement of eight USDH employees and their families which was not previously budgeted for FY87 or FY88.

The gearing up to fully staff in the Controller's office in late FY86 and early FY87, the increased staff in several other offices and the creation of new offices to meet the minimum requirements of growth in the Mission portfolio have had a direct effect on several budget line items. The need for additional office space, salaries, office equipment and utilities are the most immediate impacts that can be seen in the FY87 and FY88 budgets, as a result of the increased personnel levels.

Other general increases noted can be accounted for due to promotions, step increases and inflation.

2. Management Improvements

Over the past year the Mission has concentrated its efforts towards improving internal controls in financial and program management.

Examples of actions taken are:

a. Financial Management

- Reorganization of entire Controller's Office.
- Hired new financial professionals to meet the needs of the new organization.
- Established stricter controls on commitment/disbursements to avoid repeat deficiencies of the past.
- Development of better expenditure records and use of financial reports as integral part of project management.
- Hired two U.S. PSCs to completely train the Controller's staff in AID financial procedures.

- Reconciling all active projects to insure conformance to Agency standards as required in Chapter 13 of the Controller's Handbook.
- A USDH Deputy Controller has just been assigned to the Mission and this should provide an increased level of supervision and facilitate the training process.
- After project reconciliation has been completed, the Controller's Office intends to move quickly to install MACS.

b. Program Management

- Issued a Mission policy and assisted in formulating a Bureau policy regarding the appropriate use of PD&S funds.
- Issued a new Redelelegation of Authority Mission Order to clarify internal Mission procedures and clearance requirements.
- Actively sought to reduce the proliferation of small projects especially those previously funded through PD&S.
- In process of consolidating incremental obligation of small projects to reduce paperwork.
- Mission is seeking to combine various implementing institutions/contracts, into fewer obligating documents in order to rationalize project management and implementation.
- An RCO and RLA have been assigned to Quito.
- Mission has requested AID/W approval for 2 additional USDH positions to relieve the Mission of the need to rely on U.S. PSCs to perform management functions.
- In process of establishing GOE Management Units for PL-480 and ESF to reduce management involvement and workload on the part of the Mission.
- In the future Mission will now require from the Government of Ecuador that project commodities be consigned directly to the AID project c/o the GOE Ministry without any charges to the Ministry and not through the USAID.

TABLE VIII (a)

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1. Reasons for Increase

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- Established stricter controls on commitment/disbursements to avoid repeat deficiencies of the past.
- Development of better expenditure records and use of financial reports as integral part of project management.
- Hired two U.S. PSCs to completely train the Controller's staff in AID financial procedures.

- Recently approved assignment of an RCO for Quito should greatly assist in meeting daily contracting requirements and allow additional time to concentrate on improving the procurement planning process.

### 3. Trust Funds

The Mission has been able to obtain trust funds to assist in supporting the Operating Expense Account for the past two years. However, this year the use of these funds to support the USAID Operating Expense Account has become a sensitive political issue in Ecuador. The future availability of Trust Funds not only depends on the continuation of an ESF program for Ecuador but also now on internal Ecuadorian sensitivity.

TABLE VIII (b)

USPSCs

<u>Job Title/Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
1) Administrative Assistant-EXO	80,000	60,000	60,000
2) Budget and Accounting	100,000	70,400	80,000
3) Financial Analyst	25,000	26,000	27,000
4) Financial Trainer	25,000	-	-
5) Project Development Officer	35,000	-	-
6) Technical Information Specialist	30,000	17,000	-
	<u>295,000</u>	<u>173,400</u>	<u>167,000</u>

TABLE VIII (c)

Manpower Contract

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
1) Professionals	270,000 (21)	315,700 (21)	378,800 (21)
2) Secretarial	150,000 (20)	175,400 (20)	210,500 (20)
3) Clerical	155,000 (28)	181,200 (28)	217,400 (28)
4) Drivers	38,000 (8)	44,500 (8)	53,400 (8)
5) Warehouse	25,200 (5)	29,500 (5)	35,400 (5)
6) Charforce	10,000 (4)	11,700 (4)	14,000 (4)
7) Security Supervisors	16,800 (4)	19,600 (4)	23,600 (4)
Total	<u>665,000 (90)</u>	<u>777,600 (90)</u>	<u>933,100 (90)</u>

Note: 1) Dollar amounts for general categories are based on average salaries for those categories.

2) ( ) indicates work years budgeted.

TABLE VIII (d)

All Other Code 25 Details

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
1) Translation Services	5,000	5,000	5,000
2) Temporary/Additional Secretarial Services	5,000	5,000	5,000
3) Local Hire Short Term	7,000	7,000	7,000
4) Local Training	10,000	10,000	10,000
5) Legal Services	2,000	2,000	2,000
6) Third Party Insurance	6,000	6,000	6,000
7) Repeater Rental	5,000	5,000	5,000
8) Miscellaneous	5,000	5,000	5,000
Total	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>

Organization 518 - Ecuador

TABLE VIII(e)  
OBLIGATIONS FOR ACQUISITION, OPERATION  
AND USE OF INFORMATION TECHNOLOGY SYSTEMS  
(\$000)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
<b>1. <u>Capital Investment:</u></b>			
<b>A. Purchase of Hardware</b>			
1 - Band Printer-Wang	10.0	-	-
4 - Laser Printers (Replacements) Wang	6.8	-	-
2 - PC's Wang	-	20.0	-
2 - Laser Printers (Replacements) Wang	-	-	8.4
<b>B. Purchase of Software</b>			
<b>C. Site Facility</b>			
SUBTOTAL Section 1	<u>26.8</u>	<u>20.0</u>	<u>8.4</u>
<hr/>			
<b>2. <u>Personnel:</u></b>			
<b>A. Compensation, Benefits and Travel</b>	18.0	19.0	20.0
<b>B. Workyears</b>	2	2	2
<hr/>			
<b>3. <u>Equipment Rental, Space and Other Operating Costs:</u></b>			
<b>A. Lease of Equipment</b>	-	-	-
<b>B. Space</b>	6.9	7.6	8.4
<b>C. Supplies and Other Material</b>	15.0	17.0	18.0
<b>D. Non-Commercial Training</b>	-	-	-
SUBTOTAL Section 3	<u>21.9</u>	<u>24.6</u>	<u>26.4</u>
<hr/>			

Organization 518 - Ecuador

TABLE VIII(e)  
(Continued)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
4. <u>Commercial Services:</u>			
A. Computer Time	-	-	-
B. Leased Telecommunications Services	-	-	-
C. Operations and Maintenance			
(1) Operations	-	-	-
(2) Maintenance:			
Other than WANG equipment	-	-	-
WANG equipment (Local maintenance)	0.5	0.5	0.5
WANG equipment (A.I.D./W maintenance)	47.0	50.0	52.0
D. <u>Systems Analysis and Programming:</u>	-	-	-
E. <u>System Design and Engineering</u>	-	-	-
F. <u>Studies and Other</u>	-	-	-
SUBTOTAL Section 4	<u>47.5</u>	<u>50.5</u>	<u>52.5</u>
5. TOTAL DOLLARS	<u>114.2</u>	<u>114.1</u>	<u>107.3</u>
TOTAL WORKYEARS (From item 2A)	<u>2</u>	<u>2</u>	<u>2</u>
6. <u>MISSION ALLOWANCE LEVELS:</u>			
A. Existing systems	<u>114.2</u>	<u>114.1</u>	<u>107.3</u>
B. New or expanded systems	<u>-</u>	<u>-</u>	<u>-</u>
Note: If MACS is approved the following additional equipment that is not included in the above budget will be required:			
FY88 Memory Upgrade - 2MB - 4MB	-	\$11.2	
UPS	-	\$22.0	
2 - PC's	-	\$10.0	
		<u>\$43.2</u>	

Organization 518 - Ecuador

TABLE VIII(f) - 1  
TABLE VIII(f)1  
Report on Motor Vehicle Operations

(\$000)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
<b>A. <u>Numbers of Vehicles:</u></b>			
<b>1. <u>Purchased Vehicles:</u></b>			
(a) Number of vehicles on-hand at start of year	14	14	14
(b) Plus Number of vehicles to be purchased during the year	4	3	1
(c) Less Number of vehicles to be disposed of during the year	4	3	1
(d) Number of vehicles on hand end of year	----- 14 -----	----- 14 -----	----- 14 -----
<b>2. <u>Leased Vehicles:</u></b>			
Average number of leased vehicles in use during year	0	0	0
<b>B. <u>Estimated Obligations:</u></b>			
1. Vehicle Purchases	42.0	17.0	37.0
2. Special modifications (such as armor plating)	0	0	0
3. Transportation of purchased vehicles	4.5	1.5	4.0
4. Vehicle Leases	-	-	-
5. Vehicle Maintenance/Repairs	0	0	0
6. Salaries/Benefits of Drivers/Dispatchers	0	0	0
7. Supplies/Materials/Gas/Oil	0	0	0
8. Rental of Warehouse/Garage space	0	0	0
9. Other Miscellaneous Costs	0	0	0
10. Total Obligations	----- 46.5 -----	----- 18.5 -----	----- 41.0 -----
<b>C. <u>Estimated Disbursements:</u></b>			
1. Vehicle Purchases	50.0	42.0	17.0
2. Special modifications (such as armor plating)	-	-	-
3. Transportation of purchased vehicles	5.0	4.5	1.5
4. Vehicle Leases	-	-	-
5. Vehicle Maintenance/Repairs	See Table VIII (f) 2		
6. Salaries/Benefits of Drivers/Dispatchers	-	-	-
7. Supplies/Materials/Gas/Oil	-	-	-
8. Rental of Warehouse/Garage space	-	-	-
9. Other Miscellaneous Costs	-	-	-
10. Total Obligations	----- 55.0 -----	----- 46.5 -----	----- 18.5 -----
<b>D. Vehicles included in (A) above owned by A.I.D. but operated/maintained by JAO/Embassy motor pool:</b>			
(1) On-hand at start of year			
(2) To be purchased during the year	N/A		
(3) To be disposed of during the year			

Note: A.I. (b) above list vehicles received in FY which were purchased in previous FY.

Organization 518 - Ecuador

TABLE VIII(f) - 2  
Report on Motor Vehicle Operations  
 (Trust Funds)  
 (\$000)

<u>ITEM AND EXPLANATION</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
<b>A. <u>Numbers of Vehicles:</u></b>			
<b>1. <u>Purchased Vehicles:</u></b>			
(a) Number of vehicles on-hand at start of year	N/A		
(b) Plus Number of vehicles to be purchased during the year			
(c) Less Number of vehicles to be disposed of during the year			
(d) Number of vehicles on hand end of year	-----	-----	-----
	=====	=====	=====
<b>2. <u>Leased Vehicles:</u></b>			
Average number of leased vehicles in use during year	N/A		
<b>B. <u>Estimated Obligations:</u></b>			
1. Vehicle Purchases	0	0	0
2. Special modifications (such as armor plating)	0	0	0
3. Transportation of purchased vehicles	0	0	0
4. Vehicle Leases			
5. Vehicle Maintenance/Repairs	4.5	5.0	6.0
6. Salaries/Benefits of Drivers/Dispatchers	45.0	52.0	61.0
7. Supplies/Materials/Gas/Oil	12.0	13.0	14.0
8. Rental of Warehouse/Garage space	0	0	0
9. Other Miscellaneous Costs	0	0	0
10. Total Obligations	----- 61.5	----- 70.0	----- 81.0
	=====	=====	=====
<b>C. Vehicles included in (A) above owned by A.I.D. but operated/maintained by JAO/Embassy motor pool:</b>			
(1) On-hand at start of year	N/A		
(2) To be purchased during the year			
(3) To be disposed of during the year	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>
Total Obligations (Table VII (f) - 1) + (Table VIII (f) - 2)	116.5	116.5	99.5

PL - 480

FY 1988 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 4,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
<u>4,000</u>	<u>NFDM</u>	<u>211.2</u>	<u>10,560</u>
<u>4,000</u>	<u>RICE</u>	<u>211.2</u>	<u>17,280</u>
<u>4,000</u>	<u>ROLLED OATS</u>	<u>211.2</u>	<u>24,664</u>
<u>Total MCH</u>		<u>633.6</u>	<u>57,504</u>

B. School Feeding . . . . . Total Recipients 10,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
<u>10,000</u>	<u>NFDM</u>	<u>220</u>	<u>11.0</u>
<u>10,000</u>	<u>RICE</u>	<u>220</u>	<u>18.0</u>
<u>10,000</u>	<u>ROLLED OATS</u>	<u>220</u>	<u>30.9</u>
<u>10,000</u>	<u>YELLOW PEAS</u>	<u>220</u>	<u>39.5</u>
<u>Total School Feeding 10,000</u>	<u>OIL</u>	<u>110</u>	<u>32.85</u>
	<u>TOTAL</u>	<u>990</u>	<u>125.25</u>

C. Other Child Feeding. . . . . Total Recipients 10,000

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
<u>10,000</u>	<u>NFDM</u>	<u>264</u>	<u>13.2</u>
<u>"</u>	<u>RICE</u>	<u>264</u>	<u>21.6</u>
<u>"</u>	<u>ROLLED OATS</u>	<u>264</u>	<u>37.08</u>
<u>Total Other Child Feeding</u>	<u>YELLOW PEAS</u>	<u>264</u>	<u>39.0</u>
	<u>OIL</u>	<u>132</u>	<u>39.42</u>
	<u>TOTAL</u>	<u>1188</u>	<u>150.3</u>

D. Food for Work . . . . . Total Recipients 3,250

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
<u>3,250</u>	<u>RICE</u>	<u>257.4</u>	<u>21.06</u>
<u>"</u>	<u>ROLLED OATS</u>	<u>171.6</u>	<u>24.102</u>
<u>"</u>	<u>YELLOW PEAS</u>	<u>171.6</u>	<u>25.35</u>
<u>Total Food for Work</u>	<u>OIL</u>	<u>42.9</u>	<u>12.8</u>
		<u>643.5</u>	<u>83.312</u>

E. Other (Specify) . . . . . Total Recipients \_\_\_\_\_

No. of Recipients by Commodity	Name of Commodity	(Thousands)	
		KGS	DOLLARS
_____	_____	_____	_____
_____	_____	_____	_____

Total Other

II. Sponsor's Name \_\_\_\_\_

**Privatization Plan Narrative**

PRIVATIZATION PLAN NARRATIVE

- a. Progress made. No significant privatizations have been completed. The GOE's major holding company, the Corporación Financiera Nacional (CFN), has completed valuations of its equity in four companies and plans to sell, in total, its holdings in 18 companies (22% of its portfolio) over the next year. The Mission has supported this move by the CFN towards privatization with policy and enterprise level technical assistance and encouragement. Mission efforts to promote privatization of selected enterprises owned by GOE's social security institution (IESS) have not been successful to date due to institutional instability at the IESS.
- b. FY 1988 targets of opportunity. The major opportunity is composed of the 18 companies identified by the CFN. During June-August, 1987, the initial sales attempts will be made. That experience will permit a firmer judgement to be made as to the prospects for realizing the sales of the 18 proposed.

In relation to the PD-14 categories, all of those privatizations are "complete divestitures" (whether of majority or minority positions), and the AID instrument is "technical assistance".

- c. Mission's strategy. The strategy is two pronged. First, the Mission will hold privatization policy dialogue with GOE leaders and continually scan for opportunities at the level of individual institutions. This strategy element, which will be particularly important during the second half FY 1988, will be reinforced with data and analyses which demonstrate the scope and impact of state ownership in the enterprise sector and which assist in moving the dialogue to a plane on which the main concepts are ones such as efficiency rather than ideology. Depending on the depth of commitment of the GOE, this strategy element will include assistance in designing a GOE-wide privatization strategy.

Secondly, the Mission will provide to GOE institutions at the level of board of directors and chief operating officer advice on privatization strategies and programs, including organizational and financial aspects which affect the holding companies themselves. This will include providing specialized technical assistance at the firm level to assist with individual privatization.

d. Timetable and financial resources

d.1 Timetable

- Policy dialogue
- Initiate data collection and analysis November 1, 1987
- Complete analysis February 28, 1988
- Initiate discussion of findings with current and future GOE April 1, 1988
- Strategy and privatization program development with specific institutions
- Complete sales of GOE holdings in five companies December 31, 1987

d.2 Financial resources

- Policy dialogue
- Strategy and program development with specific institutions including technical assistance for specific privatizations