

USAID / ECUADOR

ACTION PLAN

FYS 91 - 92

USAID/Ecuador Action Plan
FYs 91 - 92

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SECTION I - REAFFIRMATION OF APPROPRIATENESS

OF THE COUNTRY STRATEGY

Section I - Reaffirmation of the Appropriateness of the Country Strategy

The USAID/Ecuador Country Development Strategy Statement (CDSS) for the FYs 1990-94 period, which was reviewed and approved by AID/W in January 1989, remains highly relevant to Ecuador's current development circumstances and prospects. USAID's major development assistance goals in Ecuador continue to include basic structural reforms leading to broad-based, sustainable economic growth and human capacity development necessary for a wider sharing of the benefits of growth. Over the past year, the Mission has undertaken a number of efforts leading to the further refinement of this strategy, such as: (a) the on-going agriculture sector assessment; (b) a natural resource management strategy (reviewed by AID/W in June, 1989); (c) the initiation of an urban development taskforce and related analyses which will lead toward a Mission urban strategy by mid-1990; (d) the elaboration of a Mission Women-in-Development action plan; (e) the initiation of an Administration of Justice assessment; and (f) follow-up on a human resource development assessment related to the Mission's decision to begin activities in the basic education sector.

The Mission has placed an increasing emphasis on its policy dialogue agenda as set forth in the CDSS, and as further refined in the FY 89 ESF Concepts Paper and PAAD. The economic agenda recognizes the need for short-term stabilization, but at the same time emphasizes the need for structural reform. While the GOE is strongly committed to bringing about stabilization and has been largely successful thus far in reducing inflation and the fiscal deficit, the GOE's resolve to tackle structural reforms is spotty at best. The GOE's economic team recognizes the need for reform, but lacks the political support, even within its own governing party, to proceed more quickly.

Over the eighteen months that the Borja administration has been in office, substantial progress in achieving economic stabilization has been made through a gradualist, but persistent approach. Inflation, which averaged 95% over the last three months of Febres Cordero government (May-July 1988), was reduced to 39% (on an annualized basis) over the last three months of 1989. The foreign exchange rate gap of 100% which existed between the free market and official rates when Borja assumed office has been reduced to less than two percent. Monetary reserves, which were negative by \$330 million, have turned positive by over \$200 million (although additional foreign debt was accumulated). The fiscal deficit at the end of 1989 was less than the target of 3.4% of GDP agreed upon with the IMF. Partial interest payments have been resumed on the foreign commercial bank debt after nearly two and a half years of a debt service moratorium. This progress, plus a staged increase in domestic petroleum-product prices begun in July 1989, contributed to the successful negotiation of a Stand-by Agreement with the IMF last September, and this was

followed shortly by the disbursement by the IBRD of a \$50 million second tranche to its Financial Sector loan, which includes \$100 million in co-financing by the Japanese EXIM Bank (the disbursement of which occurred in late December). The Financial Sector loan disbursement was based on significant GOE progress in the areas of: (i) strengthening financial institutions through an improved regulatory framework and debt-equity ratios; (ii) restraining the growth of Central Bank rediscounts; and (iii) developing capital markets through the introduction of variable interest rate lending and equity financing.

The GOE has added other positive measures in recent weeks to its list of policy reforms, such as: (a) a comprehensive tax reform package; (b) interest rate adjustments which eliminate ceilings for certain sectors and move the preferential rate progressively towards a positive, real, market-driven one; (c) further reductions in exchange rate distortions; and (d) a decision to continue regular gas price increases.

While these GOE actions are significant, continued progress in macroeconomic policy reform is always in serious jeopardy. The combination of a slim base of political support for Borja's economic team (especially in an election year), building pressure to increase government spending in order to break away from a period of extended stagflation, underlying nationalistic sentiment that policy changes are being imposed by the IFIs, and a suspicious IFI posture towards continued support for the GOE's economic program due to the lack of more far-reaching structural reforms contribute to a sense of apprehension. The future of the Stand-by Agreement as well as the October 1989 Paris Club rescheduling depend upon a successful review by the IMF Board of Directors in February of GOE structural reforms and progress in negotiating a debt rescheduling agreement with the foreign commercial banks.

The GOE is focussing its attention during the next several months on a three-pronged reform package: tax, stock exchange and tariff reform - the first of which has already been approved. It is hoped that this package will lead to increased investment in the productive sectors. USAID's Fiscal Administration project is being redesigned to support implementation of the government's tax reform. A study financed by AID in 1987-88 by a SEC expert formed the basis for the proposed stock exchange reform legislation, currently under review. The third area of tariff reform directly coincides with the Mission's own four-part policy agenda for structural reform, which is comprised as follows: (a) the adoption of an outward-oriented growth strategy; (b) financial sector policies, especially with respect to domestic savings mobilization and increased credit flows to the productive and housing sectors; (c) minimum wage and labor stability legislation reform designed to reverse the capital-intensive

investment strategies of the past two decades; and (d) a reexamination of the role of the government in the economy, especially with respect to pricing policies and parastatals.

The Mission is funding consultants to provide the analytic base for policy dialogue in these four areas and a new FY 90 Policy Dialogue Support project is being proposed to add further impetus to this process. The Mission's approach toward policy dialogue places heavy emphasis on (1) poverty and AID's target group; (2) getting the facts straight; and (3) consensus-building. This approach, more fully-described in the NPD for the Policy Dialogue Support project, does not rely heavily on ESF conditionality. While continued, modest levels of ESF resources are essential to 'secure a seat at the table' and demonstrate the seriousness of the USG's policy recommendations for Ecuador, adoption of the right policy prescriptions are meaningless if the social, political and institutional forces of the country do not support these policies and contribute to their successful implementation. In the case of tariff reform, for example, USAID can help avoid the failure of the Febres Cordero tariff reform by complementing the conditionality associated with the IBRD's planned \$200 million Industrial/Export Sector loan with the analysis, discussion and consensus-building necessary to gain acceptance of these measures as the basic building blocks for future economic growth and productive employment opportunities.

The Mission's macroeconomic policy agenda also incorporates strong ties to and complementarity with policy issues and program initiatives at the sector level. With respect to interest rates, for example, the financial sector analysis will help put into broader perspective the negotiations which have occurred and continue to evolve in our small and micro-enterprise, non-traditional agriculture exports and housing portfolios. The analysis of the role of government in the economy will build upon the progress to date achieved under our Agriculture Sector Assessment and the Agriculture Sector Reorientation project with respect to the economic drain caused by state-run agriculture marketing corporations and price controls on a number of basic food commodities. A broader analysis of government subsidies, especially in the energy and utilities sectors, will help demonstrate that the lower income segments of the population, whom these subsidies are designed to benefit the most, often benefit the least - while the middle and upper classes reap disproportionate advantage.

Other sector-level policy issues included on the Mission's dialogue agenda include: (1) strong narcotics legislation (currently under review by the Congress) and support for its implementation; (2) support for the implementation of the national population policy formally adopted in 1988; (3) development of natural resource legislation designed to simplify and establish clear priorities within this important sector; (4) sustainability and economic viability of national-level programs directed toward the microenterprise and

informal sectors, with close coordination with the IDB and the IBRD; (5) the strengthening of the viability of the financial fund for housing; (6) support for a shift in health sector funding priorities from curative to preventive care; and (7) the identification of alternative policies within the education sector (once again involving close coordination with other donors), which will permit much-needed improvements in the quality of basic education in rural areas.

To address this heavy focus on policy, a concerted effort has been made to establish priorities and seek out innovative ways to involve government, business and NGO leaders as well as other donors in the consensus-building process necessary for policy reform to be successful. The Mission has established inter-office taskforces for policy and strategy-related matters in three key areas: macroeconomic/employment policies; urban development; and population. The Mission is reassessing how it spends its time and has tried to redefine the role of the Mission and individual project officers. This internal role examination has led to a strong commitment by the Mission to increased efficiency measures (from the clearance process to new project design), further portfolio consolidation, and additional general management improvements. By adopting a less management-intensive approach to conducting AID's business, the Mission's desire is to create more quality time for our professional staff to devote to the direction our program must take and the policy constraints which limit the impact our modest resources may have.

The discussion of efficiency, portfolio consolidation and general management improvement deserves to be underscored. Not only are these factors essential if we are to devote more time effectively to "bigger picture" policy and strategic matters, but the reality of program and operating expense reductions necessitates a revision to our standard operating procedures. USAID/Ecuador's approach to these issues has encompassed realistic management reviews of program as well as operating expense and staffing options (the latter two areas are discussed in the Resource Requirements section of this Action Plan). Measures taken as a result of continuous program reviews include the mid-course termination of two projects; the decision not to continue activities in certain areas as projects come to a close, albeit with limited extensions in certain cases; and the substantial reduction in the number of discrete Food Aid and ESF local currency activities. The Mission also plans to phase-out of malaria control and fiscal administration once the planned extensions to these projects are completed. (These extensions, it should be noted, were considered only after strong GOE commitment was evidenced and policy changes put in place). Major project redesigns have been completed or begun over the past year for three additional projects (Land Titling, Non-traditional Agriculture Exports and

Agriculture Sector Reorientation).

The Mission has and will continue to seek out less management-intensive implementation mechanisms so as to reduce the paper-processing burden on Mission staff. Examples include the use of consolidated technical assistance contracting and a collaborative design mechanism for the FY 89 Child Survival and FY 90 Sustainable Uses for Biological Resources projects, respectively. Other new project proposals, including Policy Dialogue Support, Population and Family Planning and CLASP II, all include contracting/implementation mechanisms which will permit Mission staff to devote their attention primarily to project objectives and impact as opposed to internal paperwork.

With respect to general management improvement, the Training Resources Group was contracted to guide the Mission, on two separate occasions over the past year, through a series of office and senior management retreats, as well as a Management Skills Course and follow-up session. This assistance also included special sessions for all project managers and contributed greatly to improved communication both between and within offices. A series of working groups have been formed to follow-up on how the Mission can improve its efficiency and, thus, devote more time collectively to enhancing the quality of our portfolio.

Advanced Development Country (ADC) Status

The CDSS review in AID/W last year concluded that the Mission's proposed strategy was appropriate for Ecuador, a country which exhibited the typical development constraints common to many countries AID assists worldwide. The CDSS review decided that by 1992 another review of Ecuador's situation would be appropriate and that, given existing conditions and prospects, it was likely that ADC status for Ecuador would be justified sometime during the 1990s. OMB, however, has recently determined that future funding levels above the MCC level for Ecuador, and several other countries, will be contingent upon the presentation and acceptance of an ADC strategy. The Mission, while not fully prepared at this time to present a comprehensive strategy, would like to discuss this issue during program week so as to obtain appropriate guidance for elaboration of an ADC strategy in coming months, if one is still warranted.

The Mission's position on this subject at present coincides with the conclusions of the CDSS review. The social/political/institutional constraints to development do not augur well for a rapid movement toward self-sustaining, broad-based economic growth. A complex, contradictory set of economic incentives, taxes, subsidies and earmarks reflects deeply ingrained conflicts between regional political and economic forces. A fragile democracy will need time to develop

a truly national consensus as to the future policy direction of the country. Conversations with diverse political, business, intellectual and military groups clearly point to the lack of such a consensus now. While the prospects for policy reform are reasonably optimistic over the medium term, the human capital and institutional base for such reform to succeed must develop apace. The Mission has begun to develop a set of criteria in the various sectors with which it is involved in order to more precisely define what ADC status means for Ecuador and when it is likely that the nature of our program could be adapted to a different level of development. Once such criteria and definitions are formulated, it will then be possible to develop an appropriate strategy for arriving at ADC status as well as program implications beyond that point.

SECTION II - PERFORMANCE

Section II - Performance

A. USAID/ECUADOR
 FYs 91 - 92 ACTION PLAN
 COUNTRY PERFORMANCE INDICATORS

	1970	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
DOMESTIC FINANCING OF DEFICIT (Percent GDP)						-0.6	-0.8	-3.3	-0.4	1.8	2.1	
PRIVATE INVESTMENT (Percent GDP)						12.8	10.5	11.4	11.6	14.3	14.3	
ELEMENTARY SCHOOL ENROLLMENT		112	115	115	116	117	114					
INFANT MORTALITY 1/	91	72	68	65	62	60	58	56	53	51	49	47
CONTRACEPTIVE PREVALENCE	35	37	38	39 2/	40	40	41	42	43	44 3/	45	47
MACRO REFORM POLICY 4/												9
EXCHANGE RATE 4/												9
TRADE REGIME 4/												3
MARKET PRICING 4/												3
ENVIRONMENTAL MANAGEMENT 4/												7
DEMOCRACY AND HUMAN RIGHTS 4/												8

1/ "Child Survival in Ecuador" - Shea and Robinson, et al., 1987
 2/ "Demographic and Health Survey - Washington Health Systems, 1982"
 3/ "Demographic and Health Survey - Washington Health Systems, 1988"
 4/ Ratings based on JAC analysis

B. USAID/ECUADOR
 FYs 91-92 ACCION PLAN
 Performance Matrix

Indicator	1975	1980	1985	1986	1987	1988	Planned 1989	Actual 1989	Target 1990	Target 1991
	1. Total public sector deficit (consolidated non-financial deficit) as % of GDP	-	-	-	5.1	9.6	5.1	3.4	2.8	2.3

2. Agricultural productivity of selected crops (being impacted directly by AID's program):

Y I E L D %

	1988		1989		1990		1991	
	Actual	Proj.	Actual	Proj.	Actual	Proj.	Actual	Proj.
	Yield(a)	Share(b)	Yield(a)	Share(b)	Yield(a)	Share(b)	Yield(a)	Share(b)
	%		%		%		%	
Coffee (Kg/Ha)	230	0.6	260	1.2	264	1.2	370	2
Hard Corn (Kg/Ha)	2,000	0.5	2,200	1.0	1,600 (d)	1.0	2,500	2
Cassava (Kg/Ha)	8,500	5.0	11,000	5.0	11,600	5.5	11,500	6
Milk (Sierra) (liters/cow/day)	4.5	1.0	4.8	2.0	5.0	2.5	5.2	3
Sheep meat (Kg/head) (c)	11.4	7.0	15.9	15.0	14.5	17.0	17.5	20
								25.2
								23

(a) Average yields of AID project participants. Coffee and cassava data correspond to the Research, Extension, Education (REE) Project; hard corn, milk and sheep meat data to the Rural Technology Transfer System (RTTS) Project.

(b) Share of total producers in Ecuador being impacted by USAID programs.

(c) Yield is Kg/head, slaughtered.

(d) Drop in yield was due to excessive rain in producing areas at planting time (Jan. - Feb.)

1/ GOE updated figures.

Indicator	1975	1980	1985	1986	1987	1988	Planned 1989	Actual 1989	Target 1990	Target 1991
3. Number of agricultural products subject to retail price controls										
a) Number	-	5	5	5	5	5	2/ 4	5	3	3
b) Percent of value of all agricultural commodities	-	N.A.	N.A.	N.A.	N.A.	30	2/ 17	N.A.	24	-
4. Real value of non-traditional agricultural exports (fruits, flowers and vegetables) (Millions of 1980 US\$)	4/ 1.1	0.8	5.8	6.9	9.8	14.5	14.0	11.6	16.0	20.0
5. Percentage of total formal productive and housing credit supply which is market driven										
a) Agriculture	6	5	4	6	7	8	10	12	20	30
b) Housing	24	20	4	5	4	7	10	16	20	40
c) Small and Micro enterprise	0	0	0	10	20	50	30	50	60	65

1/ Milk, rice, sugar, palm oil, soybean oil.

2/ This assumed that milk prices would be freed in 1989, which did not occur. In 1989 products subject to strict price controls included milk and vegetable oils made from African palm and soybeans. Together these products accounted for 19% of the total value of agricultural products at farm level (1988), with milk accounting for 13%. Products for which price controls were sometimes enforced included rice and sugar. Together these products accounted for 11% of the total value of agricultural products at farm level (1988), with rice accounting for 9.5%.

3/ Assumes that palm oil and soybean oil prices will be decontrolled.

4/ Includes fresh and processed commodities. Export values deflated by U.S. CPI. Data sources: Central Bank Statistical Information; National Financial Corporation.

Indicator	1975	1980	1985	1986	1987	1988	Planned 1989	Actual 1989	Target 1990	Target 1991
6. Hectares of land (including national parks and reserves, protective and productive forests, and various categories of agricultural land) being managed in a more sustainable way (cumulative) 1/	N.A.	N.A.	-	400 (est)	900 (est)	1,900 (est)	3,000	3,000 (est)	4,300	6,000
7. Child mortality (deaths for children under age 5 per 1000 live births)	122	95	79	78	73	71(est)	67	67(est)	64	61
8. Percentage of population (urban and rural) with access to clean water and sanitation facilities										
a) Urban										
(i) Potable water	81	79	76	N.A.	69	60	60	N.A.	60	63
(ii) Sewer	62	60	63	N.A.	53	55	55	N.A.	55	56
b) Rural										
(i) clean water	1(est)	7(est)	15(est)	18	25	30	33	34	37	40
(ii) sanitation facilities	1(est)	7(est)	15(est)	17	19	20.5	24	24	27	30
9. Increase learning gains (quality improvements) 10% yearly for grades 2 to 5 in math in rural areas	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	2/ 10%	2/ 10%

1/ Numbers are very rough estimates. Mission will establish a monitoring system to provide more accurate measurements during the coming year.

2/ Baseline data will be derived from FY90 Radio Learning Project design process.

Indicator	1975	1980	1985	1986	1987	1988	Planned 1989	Actual 1989	Target 1990	Target 1991
10. Participant Training (APSP, LAC II and Project Related)										
A. CLASP Training (APSP/LACTIII)										
i. Technical (Short-term)	-	-	32	30	44	99	95	118	126	75
(a) Female	-	-	1	3	11	36	57	30	54	44
(b) Male	-	-	31	27	33	63	38	88	72	34
ii. Academic (Long-term)	-	-	9	15	5	8	39	8	9	42
(a) Female	-	-	6	3	2	2	16	4	3	16
(b) Male	-	-	3	12	3	6	23	4	6	26
B. NON-CLASP Training (Bilateral)										
i. Technical (Short-term)	35	42	60	65	65	33	50	76	40	40
(a) Female	7	11	10	16	16	8	19	13	16	16
(b) Male	28	31	50	49	49	25	31	63	24	24
ii. Academic (Long-term)	16	-	34	34	30	26	4	39	20	40
(a) Female	2	-	1	4	2	-	2	2	5	5
(b) Male	14	-	33	30	28	26	2	37	15	15
11. Families receiving new shelter units, home improvement loans, and infrastructure services under AID- supported programs										
a) New Shelters	-	-	-	-	2,900	11,100	1,400	1,328*	5,000	7,000
b) Home Improvements	-	-	-	-	2,900	1,050	0	0	4,000	7,000
c) Infrastructure Services	-	-	-	-	0	0	0	0	12,600	16,000

*Decline in 1989 was due to the termination of HGs 05 and 06 and the late start of HG-07.

<u>Indicator</u>	<u>1975</u>	<u>1980</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>Planned 1989</u>	<u>Actual 1989</u>	<u>Target 1990</u>	<u>Target 1991</u>
12.a) Percentage of high risk population receiving drug prevention/narcotics awareness information	5	5	8	8	8	10	25	35	50	70
b) Percentage of public opinion leaders receiving drug prevention/narcotics awareness information	40	45	45	45	45	45	50	85	90	100

Section II - Performance

C. Performance Narrative

In addition to the policy-related progress noted in Section I, the AID program in Ecuador is making significant contributions in technology transfer, institution building and human resource development. The principal areas of focus include agricultural productivity, employment and incomes; a more sustainable management of the environment; reduced un- and underemployment through support for small and micro-enterprise development and non-traditional agricultural exports; child and infant mortality reduction; population and family planning; urban growth management; basic education in rural areas; and drug awareness and information.

In the area of agricultural productivity, the various commodities receiving support under the AID program all noted substantial yield increases, with the exception of hard corn. Other examples of success include the fact that dairy calf mortality rates were reduced from 30 percent to three percent on participating farms. The agriculture sector assessment, which is nearing completion, places heightened importance on the need for Ecuador to convert from a natural resource-based agriculture system to a science-based system if future growth in the sector is to be achieved. Future crop yield gains will depend to a large degree on the removal of certain structural impediments in the current research system, especially those limiting the recruitment and retention of qualified professionals. The Mission plans to give greater emphasis to agricultural research in the future through closer coordination with other donors, the application of its food aid conditionality and local currency generations to this issue, and an examination of the feasibility of a major new project to support agricultural research (assuming evidence of GOE commitment to removing major impediments).

Another limiting factor for greater agricultural productivity is the country's land tenure situation, which serves as a tremendous barrier to investment and the removal of highly skewed income distribution patterns. An interagency coordinating commission was created by the Vice-President to place greater priority on this issue and to overcome implementation bottlenecks which had plagued USAID's Land Titling project in the past. The Mission redesigned this project and initiated a pilot phase in response to the GOE's demonstration of commitment to this important intervention.

With respect to Mission efforts to enhance productive employment opportunities, over 1,500 small businessmen benefited from AID-financed technical assistance, training and credit. Extensive discussions and negotiations resulted in the successful creation of a new credit line for small and micro-enterprise development using market-determined interest rates. The Mission also negotiated an agreement with the GOE

which requires that all new ESF-generated local currencies used for credit for the small and micro-enterprise and non-traditional agriculture export programs also apply market-determined interest rates.

The Mission's activities in housing finance also led to progress on interest rates. The GOE monetary authorities adopted a formula which will close the gap between administratively set interest rates and market-determined ones through periodic adjustments. The Financial Fund for Housing (FFH) lending rates are now within 10 percent of the CD rate (36% versus 40%), a level which is twice as high as one year ago (18% versus 36%). The current FFH lending rate administered by the Central Bank does, however, approximate the market rate applied by private housing finance entities. Through the FFH, 14 private builders, three housing cooperatives and six private financial institutions have become actively involved in the provision of basic shelter.

As a key contributing factor to the reduction of infant child mortality, 58 AID-financed rural water and sanitation systems (RWS/S) were completed, directly benefiting approximately 40,000 individuals. Over 1,200 village members and ministry staff were trained in hygiene education and operations and maintenance. The new Water and Sanitation project included a commitment by the GOE to apply the decentralized, modular approach developed under the previous AID project to RWS/S system development with the government's own resources. With AID support, the Ministry of Health immunized 650,000 children under age five and distributed 400,000 packets of oral rehydration salts to infants and young children.

As noted in the performance matrix, over the past year there was a three and a half fold increase in the percentage of the high risk population receiving drug and narcotics awareness information. Draft narcotics legislation was prepared and presented to the Ecuadorian Congress in January 1990. The Mission is currently designing a major amendment to its Drug Information and Public Awareness project which will, among other components, provide support for the implementation of this legislation as it relates to the control of narcotics production, trafficking and consumption.

SECTION III - NEW PROGRAM INITIATIVES

Section III - New Program Initiatives

A. New Project Descriptions (NPDs)

1. FY 90 Project Amendment

Project Title: Agricultural Sector Reorientation

Project Number: 518-0051

Project Funding (\$000):

Extension:	FY 90:	\$ 800 (G)
Total Ext:	FY 90-92	\$3,300 (G)
Total LOP:		\$1,400 (L) \$10,700(G)

Functional Account: Agriculture, Rural Development and Nutrition (ARDN)

A. Project Goal and Purpose: The overall goal to which this Project contributes is to enhance economic growth, provide a stable and low cost food supply, and improve export performance through establishing a policy environment conducive to increased and sustainable agricultural growth.

The purpose of the Project is to realign agricultural sector policies and programs to create the policy environment and incentives which promote increased productivity and production by small and medium farmers. This purpose will be achieved by strengthening the Ministry of Agriculture's (MAG) ability to formulate and implement policies which stimulate investment in agriculture, promoting private sector participation in the policy analysis and dialogue process and improving the quality and quantity of information required for policy formulation and implementation.

B. Major Development Problem Being Addressed: The Ecuadorian government has followed highly interventionist policies in the agricultural sector for many years. The complex GOE program consists of producer price supports, production cost subsidies, consumer food subsidies, and parastatal involvement in agricultural processing and marketing enterprises, including fertilizer, seed, animal semen, vaccines, milk, livestock, citrus, and other commodities. The results of these policies have been the distortion of relative prices, inefficient resource allocation, discouragement of private sector investment, and massive budget subsidies to parastatal enterprises. The Ecuadorian government recognizes the important benefits to be derived from promoting agricultural development through greater dependence on the private sector and through less government intervention. The major constraints to reorienting government policy on this scale are weak policy analysis and formulation capability in both the public and private sectors, a lack of reliable information, obsolete or non-existent data processing capability, and limited private sector participation in

policy formulation.

C. Project Description: The Project Paper Supplement (PPS) will extend the Agricultural Sector Reorientation Project for three additional years through July 31, 1993. The authorized Life of Project funding will be increased from a \$7,100,000 Development Grant to a \$10,400,000 Development Grant. The originally authorized \$1,400,000 Development Loan will remain the same. The Project Goal and Purpose will remain essentially the same as in the original Project Paper, with minor modifications to conform with the policy/strategic thrust of the current Ecuadorian Government. The Project will continue to consist of two components -- Policy Formulation and Implementation and Agricultural Information Systems. The PPS will embrace a somewhat different implementation strategy which will build upon and strengthen Project accomplishments to date and place less emphasis on developing individual activities and more on institutionalizing an efficient, well coordinated and unified information system.

Accomplishments of the ASRP to date include studies which have contributed significantly to (a) the descriptive and diagnostic understanding of factor and product markets in fertilizer, seeds, the feed-grains/poultry sub-sector (hard corn, soybeans) and the rice sub-sector; (b) an increase from 12 to 50 stations in the climate monitoring and reporting system and establishment of a computerized data base with historical and real time data on all weather indicators plus historical data on area, yields, and production at the provincial level; and (c) establishment of a Market News Reporting system consisting of 24 reporters in major markets, systems for transmittal daily of wholesale and retail prices on key commodities, as well as publishing and radio transmission of daily and weekly market news bulletins. The original project design overlooked the amount of time it takes to institutionalize policy analysis and formulation capability (according to experts, under the best of circumstances, twenty years), the unavailability of trained economists and technicians and the Ministry of Agriculture's inability to attract and maintain them with the prevailing government salary structure.

The Mission believes that extending this project is justified because the Project goal and purpose are still essentially valid and vital to the future development of the agricultural sector in Ecuador. There is a clear need to establish and nurture the capacity to formulate agricultural policy options, assess the impact of those options and monitor their intended results. There remains a need to develop a forum for broadening public debate on agricultural policy issues, and developing the information base necessary to both support analysis and debate and allow the more efficient functioning of a private sector marketing system. The Mission believes that a good start has been made but more remains to be done to build a sustainable system. The Mission feels it can efficiently and effectively make a significant contribution towards laying a foundation for GOE or other donors to build on during the

three-year extension period.

The proposed Project Amendment will provide technical assistance to the Ministry of Agriculture (MAG) and to the Foundation for Agricultural Strategies (IDEA). Efforts in IDEA will focus on constructing a comprehensive, quantitative analytical framework for analysis of the impact of macroeconomic, trade, exchange rate, fiscal and commercial policies on sector performance as measured by agricultural production, household incomes, relative prices and food consumption. Project efforts will be focused on the following areas:

- (i) Policy Formulation and Implementation, which will strengthen the long-term capability of Ecuador's public and private sectors to carry out in-depth analyses of policy problems and consider policy alternatives. Efforts in the public sector activity with MAG will focus on training personnel to generate timely and accurate information on Coastal food crops, Sierra food crops, export crops, livestock, natural resources and inputs; and in the preparation of situation and outlook reports in crops and livestock and periodic status reports and policy options analysis in inputs and natural resources. This will provide the Minister and his top staff with the information needed to make decisions in the priority areas of price supports, imports/exports and credit allocations. It will also lay the foundation for specific analyses leading to the following policy outcomes: elimination of price controls at the consumer level; reduction/elimination of the role of parastatal marketing companies; and elimination of subsidized credit. Efforts in the private sector with IDEA will focus on macro-economic studies, seminars and dissemination of the findings, and masters degree-level training in agricultural economics. IDEA's research and analysis of agriculture in the macroeconomy will focus on the impact of trade, exchange rates, fiscal and commercial policies on sector performance as measured by agricultural production, household incomes, relative prices, and food consumption.
- (ii) Information Formulation and Implementation, which will strengthen the MAG's capability to develop and maintain a computer-based national agricultural information system capable of delivering a broad spectrum of timely and accurate information to public and private sector managers, farmers and policy makers. Activities under this component include market news, crop and livestock reporting service, agroclimatic assessments, and computer support.

D. Impact on Women: The impact of this project on women will be indirect only. To the degree improved policies are adopted, women will benefit from efficiencies in the production and marketing of agricultural commodities. Also, women will benefit to the extent that they are users of the information, such as market news that results from the project.

E. Implementing Arrangements: The project will work with three public agencies: MAG, the National Census Bureau (INEC), and the National Weather Bureau (INAMHI), and with one private foundation - IDEA. The current Bilateral Agreement with the GOE will be amended to increase the level of funding, extend the PACD and amend the project description.

The Director of the Agriculture and Natural Resources Office (ANRO) will assume overall responsibility for project monitoring. A U.S. personal services contractor (PSC) will be the Project Coordinator for day-to-day operations. Sigma One, a U.S. 8(a) firm will continue as the prime contractor responsible for providing technical assistance. All procurement will be done through Sigma One.

F. Financial Plan: Life of Project (\$000)

Technical Assistance	1,500
Training	270
Equipment	250
Seminars/studies	200
Administration	720
Evaluations	60
Miscellaneous	<u>300</u>
Total	3,300

G. Sustainability: In proceeding with this project amendment, the Mission recognizes that the task of institutionalizing policy analysis capability can take as long as 20 years. Hence, the approach being taken is to define that portion of the task to which the Mission believes it can efficiently and effectively make a contribution towards laying a sustainable foundation for the GOE or other donors to build on. The redefined project takes into account limitations such as the low level of policy analysis expertise available in MAG. It calls for less sophisticated analysis of which current MAG staff is capable of doing with little additional training. The design includes measures to ensure that sustainability will be achieved during the three year period. These include full GOE budgetary support for all project activities by the end of the project, and a phase out of contracted project employees to be replaced by full time MAG employees within one year.

H. Relationship to AID Country Strategy/Objectives: The core of USAID/Ecuador's strategy over the CDSS period is aimed at achieving the basic structural reforms which will lead to rapid and sustained economic growth. A key element of this strategy is developing

improved data gathering and analysis capacity, as well as institutional capacity for more objective policy analysis. This project, and the proposed amendment, support this strategy by developing public and private sector capacities in policy analysis, improving the market news service and developing the agricultural and agroclimatic information systems.

I. Relationship to Host Country and Other Donors: The Government has been somewhat receptive to altering policies which distort free market signals and has acknowledged the importance of institutionalizing a system of agricultural data gathering and analysis so that informed policies can be implemented. For instance, the GOE eliminated wheat subsidies following analysis by the project-funded policy analysis unit which showed that millers, not consumers, benefited most from the subsidies.

J. Relationship to the Mission's Policy Dialogue Agenda: This project is the Mission's main vehicle for promoting agricultural economic policy analysis as well as policy dialogue and policy reform. A notable success resulting from this project was the removal of the subsidy on imported wheat. Through this project, the Mission will continue to work to achieve other objectives such as unifying the official and free market exchange rates, and reducing or eliminating producer and consumer subsidies on agricultural products and inputs by allowing markets to operate freely.

K. Principal Project Design Issues: None

L. PID and PP Approval: A PPS supplement and Project Agreement Amendment will be prepared for signature in March 1990. The Mission requests that authority be delegated to the field for approval of the PPS.

FY 90 Project Amendment

Project Title: Narcotics Education

Project Number: 518-0064

Project Funding (\$000): Extension - FY 90: \$711 (G); LOP: \$1,200 (G)
Total LOP: \$2,800 (G)

Functional Account: EHR

A. Project Goal and Purpose: The goal of this project is to strengthen Ecuador's commitment to drug prevention, education and enforcement. The project's purpose is to increase public awareness about the seriousness of the social, economic and political problems relating to the production, trafficking and usage of narcotics.

B. Major Development Problem Being Addressed: To provide information and education to key recipients in order to explain the deleterious effects on the individual and society of using and trafficking in illegal drugs, and of drug abuse in general.

C. Project Description/Components: This project amendment will make certain changes in the grant originally made by USAID in 1987 to the Fundacion Nuestros Jovenes (FNJ). These should allow FNJ to expand its research into the dimensions of drug abuse and trafficking in Ecuador; raise public awareness about the deleterious effects of drug consumption; continue to strengthen the FNJ, particularly in its regional operations; enhance its ability to play a constructive role in helping Ecuador modernize its legal framework and in assisting in the implementation of new drug legislation; and will encourage broader, more diverse international and domestic support for FNJ's educational activities (from other donors).

The chief target beneficiaries of the amended project will be youth (and parents) vulnerable to illegal narcotics; legislators, national government officials and other public sector leaders; as well as educators, local government officials, journalists and other influential individuals and groups.

Major project outputs will include updated epidemiological and drug trafficking data; broader and more accurate public understanding of illegal narcotics, their noxious effects, and the expected new legislation that governs their use; and rejection of drugs by a growing percentage of the Ecuadorian public.

D. Impact on Women: Continued assistance would go over an additional four-year period to the FNJ, a non-profit Ecuadorian private group whose Executive Director, several key executives, the majority of its board of directors and many volunteers are all women. Female students, parents, teachers and others will also benefit for this program.

E. Implementation Arrangements: The FNJ is an Ecuadorian non-profit organization which began operations in 1982. Under the terms of the proposed project extension, FNJ would continue to manage the project, and to perform the minimal procurement foreseen.

F. Financial Plan: For this extension, USAID/Ecuador proposes to provide FNJ with \$1.2 million over the next four years. Budgetary details are currently under discussion.

G. Sustainability: Mission plans to give maximum encouragement to FNJ to expand its efforts to seek new and expanded sources of funding and other aid. The likelihood is growing for support from sources other than AID. New donor as well as further GOE assistance and community contributions of volunteer time and effort also are likely. However, "sustainability" will ultimately depend on the extent to which Ecuador's involvement in the drug problem grows or recedes.

H. Relationship to AID Policy Objectives and Mission Strategy: The control of illicit narcotics traffic is a top USG and AID priority. In Ecuador, in cooperation with other drug agencies, USAID emphasizes the provision of assistance to help address internal narcotics problems by stressing support for drug prevention, information, research, legal actions and public awareness activities in the private sector.

I. Relationship with Other AID Projects and Other Donor Activities: Narcotics education and prevention, clearly a USG priority, is a unique activity in AID's portfolio in Ecuador. Other USG agencies based in Ecuador are also active in the field, and meetings are held at least weekly with them. Other donors here (UNFDAC, IDB, EEC and several bilaterals) are actively assisting, or planning assistance, to FNJ and the GOE in drug treatment, rehabilitation, prevention, education and complementary fields.

J. Relationship with Mission's Policy Dialogue Agenda: Our assistance portfolio seeks to help Ecuador become a viable democracy with a strong market-oriented economy and an equitable social environment. Any growth in the drug trade will undermine that agenda.

K. Principal Project Design Issues: The Mission is actively considering converting the OPG to a Cooperative Agreement, due to the sensitivity of the subject area. Consideration also is being given to whether ESF local currency funds should be requested for this project. Finally depending on the final form of mayor new narcotics legislation now pending in Congress, some programmatic and budgetary adjustments may be required in the project.

- L. PID and PP Approval: The Mission requests Bureau delegation of authority to the Mission Director to approve this Project Amendment.
- M. AID TDY Support for Project Development: None.
- N. Estimated Project Amendment Approval Date: February 1990.

FY 90 New Project

Title: Policy Dialogue Support

Project Number: 518-0089

Project Funding: (000) FY 90: \$339 (G); LOP: \$1,000 (G)

Functional Account: Private Sector, Energy and the Environment (PSEE) and Educational and Human Resources (EHR)

A. Project Goal and Purpose: The goal of this project is to establish the basis for broad-based, self-sustaining economic growth leading to increased productive employment and a more equitable income distribution. The project's purpose is to promote wide understanding of and support for basic structural reforms among political, business, labor, intellectual and military leaders in the country.

B. Major Development Problem Being Addressed: While short-term stabilization is clearly the GOE's top priority, the continuation of anti-inflation policies will choke off investment and growth if they are not supplemented by structural reforms and the external resources needed to implement them. For the medium term, Ecuador must begin now to respond to fundamental development problems in macroeconomic as well as sector policy formulation so as to stimulate self-sustaining growth and greater employment opportunities.

Successive Ecuadorian governments have continuously intervened in the economy with a series of policies which have created numerous distortions. Government intervention exhibits several elements found in most Latin American countries: high manufacturing sector protection; minimum-wage and labor stability legislation which has led to very capital-intensive investment practices; interest rate policies which limit domestic savings; sectoral requirements for bank lending; and price controls on some privately produced "basic-needs" products, and government subsidies to others.

Historically, policy formulation in Ecuador has depended on the strong backing of a particular political group, not on the well-being of the overall population. Since political power was very concentrated and markets were segmented and undeveloped, very few could take advantage of economic opportunities, and thus a great concentration of wealth resulted. In order to promote successful policy reform, it is necessary to understand the process of policy formulation and implementation and the social, political and economic forces that affect it. Identifying the proper policy

prescriptions is not sufficient. An effort must be made to develop a broad understanding of and support for needed policy reform. A knowledge of Ecuadorian history and culture is an important ingredient in this process and may permit the identification of second- or third-best policy solutions which can garner the support of broader coalitions for change in the right direction.

C. Project Description/Components: The Project will build upon PD&S-funded macroeconomic analysis of four basic structural reforms (adoption of an outward-oriented growth model, financial sector policies, minimum-wage and labor stability legislation, and the role of government in the economy) by financing follow-up seminars, workshops, publications, studies and analyses to encourage as broad an understanding as possible of the need for reform. These activities will be further complemented by socio-political analyses of the Ecuadorian power structure and the obstacles to and opportunities for building constituencies which are interested in supporting policy reform.

There is a clear need to go beyond ideological positions and deepen the discussion regarding Ecuador's future economic development. This project will emphasize getting the facts straight and keeping a clear focus on employment and poverty issues as the unifying theme for national groups of disparate interests and political orientations. To accomplish this, two additional sets of activities will be pursued: data generation and analysis and university and professional level training in economics. In order to have a clear notion of who wins and who loses under different policy matrices as they evolve over time, Ecuador must have a reliable data base, especially with respect to household incomes and employment/underemployment. Technical assistance and training will be provided to the National Statistics Institute (INEC) and to the National Employment Institute (INEM), complementing national and other donor resources, in order to establish and maintain an on-going capacity to generate and analyze key data variables.

With respect to economics training, the knowledge base among universities, private foundations and think tanks, and the various government ministries is extremely thin and often antiquated. The Project will provide a short-term course in the U.S. for a selected group of university professors and professional economists in key GOE institutions, such as the Central Bank, Ministry of Finance, Ministry of Labor, etc. Support will be also given to the Central American Business Administration Institute's (INCAE) Applied Economics and University Strengthening programs in order to reach a broader group of educators and professionals on a continuing basis. Curriculum strengthening and reform, in addition to in-depth analysis and discussion of current issues and problems (at both the macroeconomic and sector levels), will be addressed.

D. Impact on Women: Through improved data about household incomes and employment/underemployment, policies can be better formulated to address the issues of poverty which, as demonstrated in the initial data generated over the past year and a half, most directly affect women, their young children and teenagers entering the labor force.

E. Implementation Arrangements: Due to its strong track record in policy dialogue seminars in Ecuador and Central America, it is expected that this project will be implemented through a grant to INCAE. In recent years, INCAE also has begun to expand its activities in macroeconomics and university strengthening, complementing and building upon its long history of business administration education. A limited amount of sub-contracting is anticipated, particularly with respect to specialized technical assistance and training where INCAE does not possess expertise (e.g. in household surveys and employment data generation).

F. Financial Plan: Life of Project (000)

Seminars/workshops	\$ 75
Technical Assistance	400
Training	250
Publications	75
Evaluation	75
Overhead/Miscellaneous	<u>125</u>
Total	1,000

G. Sustainability: The approach of this project is specifically directed at generating understanding of, and support for, policy reform so that they can successfully achieve their desired results. Since AID does not possess the financial resources of the major IFIs, it cannot rely exclusively on the leverage it would gain through conditionality on resource transfers. As seen in the previous Ecuadorian administration, correct policy prescriptions were largely undermined due to inadequate political support and acceptance among key business sectors. With respect to data generation and analysis, emphasis will be placed on obtaining a GOE commitment to support these activities and continue them after AID assistance is complete.

H. Relationship to AID Policy Objectives and Mission Strategy: The project is fully consistent with the Mission's FY 90 - 94 CDSS and the policy objectives stated therein. The Mission's objectives of economic stabilization and structural reform, leading to

broad-based, self-sustaining economic growth, include a heavy emphasis on policy dialogue, the agenda for which has been refined in the FY 89 ESF Concept Paper and PAAD. This project will place more emphasis on the basic structural reforms identified as being necessary for achieving economic growth, rather than economic stabilization issues which have been the focus of ESF conditionality in recent years.

I. Relationship to Other AID Projects and Other Donor Activities:

The Project will stress the linkages between macroeconomic policies and those policies limiting growth at the sector level, especially in areas of major importance to the AID program, such as agriculture, natural resources, small and microenterprise development, urban development and population. The Project will most closely complement the Agriculture Sector Reorientation project (518-0051), the Small Enterprise Development project (518-0056), the Economic Stabilization and Recovery program (518-0078) and new projects to be designed, such as Employment and Informal Sector Strengthening, Population and Family Planning and the National Urban Growth Management Program. The Project will also coordinate closely with the development of the IBRD's proposed Industrial/Export Sector loan as well as the IDB's Microenterprise Development project.

J. Principal Project Design Issues: The principal design issue to be clarified is GOE commitment to data generation and analysis activities within INEC and INEM so that the Mission obtains reasonable assurances regarding sustainability after project completion. In addition, the willingness of universities to participate in teacher training and curriculum strengthening activities must be ascertained.

K. PID and PP Approval: The Mission requests Bureau concurrence and delegation of authority to the Mission Director to approve the PID and PP.

L. AID/W TDY Support for Project Development: One week TDY services of Clarence Zuvekas, LAC/DP.

M. Estimated PID Approval Date: March 15, 1990.
PP Approval Date: June 15, 1990.

2. FY 91 New Project

Title: Population and Family Planning II

Project Number: 518-0084

Project Funding: Population Account
FY-91: \$1,625 million (G) LOP (FY 91-96)
\$7.5 million (G)

A. Project Goal and Purpose: The goal is to reduce unwanted fertility. The purpose is to increase the knowledge, availability, and use of contraceptive services on a self-sustaining basis and to strengthen the implementation of population policy.

B. Major Developmental Problem Being Addressed: The project is designed to ameliorate the following problems: excessive population growth, lack of reproductive choice, excessive family size, and maternal and infant morbidity and mortality.

C. Project Description/Components: The project will build upon previous assistance for population and family planning. Principal project activities will include: (1) strengthening long-term self-sufficiency of private non-profit organizations through long-term planning, marketing of services, increasing for-profit services, improving cost-effectiveness, and other innovations; (2) strengthening communications and public relations to increase awareness of population issues and demand for family planning services; (3) increase and strengthen private-for-profit service delivery programs with private health practitioners and commercial marketing programs; (4) strengthen population policy implementation through support to innovative outreach programs, youth centers; and (5) improve the policy environment through research, training, and communications.

D. Impact on Women: The project will directly impact on the 2.5 million women of reproductive age by improving knowledge of and access to contraceptive services, providing them with reproductive choice. A substantial number of the service providers are also women.

E. Implementation Arrangements: Mission will explore various arrangements to ensure minimal AID administrative requirements. The project will be limited at a maximum to two agreements. The implementing institutions which could include the family planning organizations, doctors, pharmacists, Social Security Institute, and possibly the Ministry of Health - will form local public and private consortiums. AID will procure contraceptives through the ST/POP central procurement program. Wherever feasible local or contracted organizations will carry out procurements.

F. Financial Plan:

AID FINANCED INPUTS	LIFE OF PROJECT (\$000)
Communications and Education	1,000
Training	1,000
Technical Assistance	500
Policy Development	1,500
Contraceptives	1,300
Local Support	<u>2,200</u>
Total	7,500

G. Sustainability: The commercial and governmental activities should be sustainable at project's end. The family planning organizations (FPOs) will have become more self-sufficient. Revenue generation will be increased for private organizations through increasing profit-making services as well as improving cost-effectiveness, economic price setting, contracting services, and increased demand generation. Technical assistance and training will be provided on pricing, marketing, long-term planning, and cost analysis.

H. Relationship to AID policy objectives and Mission Strategy: The project will directly support AID's policy objectives of sustainability, private sector assistance, and greater freedom of individual choice. The project supports the CDSS strategic goal of a wider sharing of the benefits of growth. Continued support for building self-sustained family planning programs and increasing access to these services is one of the major components of the Mission's strategy.

I. Relationship to Other AID Projects and Other Donors Activities: The project is a follow-on to current project assistance in Population and Family Planning and closely relates to the on-going Child Survival Project. Project support, which will be mostly for the private sector, coordinates well with UNFPA assistance which is primarily for the Ministry of Health.

J. Relationship to the Mission's Policy Dialogue Agenda: The project will strengthen implementation of the National Population Policy by institutionalizing policy implementation at the MOH, supporting a reorganization and refocussing of Centro de Estudios sobre Paternidad Responsable (CEPAR), motivating the FPOs to focus on sustainability, and by pressing for more aggressive communications campaigns.

K. Principal Project Design Issues: Our assistance in population and family planning has two major, sometimes conflicting objectives: demographic impact and sustainability. How should the new Project resources be allocated to address these objectives? Is it more important to subsidize poor family planning clients or have financially self-sufficient services?

L. PID and PP approval:

The Mission requests LAC Bureau delegation of authority to approve project PID and PP.

M. AID/W TDY Support for Project Development:

None.

N. PID/PP approval date:

PID approval date: October, 1990.

PP approval date: April, 1991.

FY 91 New Project

Title: Employment and Informal Sector Strengthening
Project Number: 518-0086
Project Funding: FY 91: \$1,315 (G); LOP: \$4,000 (G)
Functional Account: PSEE

A. Project Goal and Purpose:

Goal: Basic Structural Reform Leading to Rapid and Sustained Economic Growth.

Purpose: Strengthen the capability of public and private sector institutions to efficiently provide services which generate permanent, productive employment for the informal sector.

B. Major Development Problem Being Addressed: This project will address the constraints related to an employment situation which has been deteriorating since the early 1980's. Even the rapid industrial growth during 1974-82, however, was highly capital-intensive, i.e. labor absorption was low relative to growth in output. The high population growth rate (2.8 percent per annum) has outpaced economic growth, which during the 1980's averaged only 2.6 percent, down from 9.0 percent during the 1970's. Rural-to-urban migration and the increased participation of women and young people in the labor force will continue to place severe pressures for employment generation on Ecuador's urban economies.

C. Project Description/Components: Principal project activities will include policy analysis and dialogue and institution strengthening designed to provide a logical follow-on to the Small Enterprise Development project (518-0056).

The target beneficiaries of the project will be those individuals engaged in low-productivity activities, and, thus, earning low incomes. The downturn of the Ecuadorian economy since 1980 has both enlarged the fraction of the population engaged in these low-productivity activities and reduced their incomes.

Major outputs will be policy reforms at the macroeconomic and sector levels designed to increase economic growth opportunities and reduce costs imposed on informal sector productive enterprise development, such as legal, tax and administrative restrictions which are often prohibitive. Public and private sector institutions supporting the informal sector will attain improved self-sufficiency in the provision of technical assistance and training services. ESF-generated local currencies will be programmed for complementary credit requirements.

The major project components are technical assistance, training, and research/evaluation, focused principally on policy analysis and institutional strengthening. These components will be implemented through buy-ins to AID/W projects, in close coordination with the Ecuadorian counterpart institution and selected local technicians.

D. Impact on Women: The beneficiary population of the Mission's Small Enterprise Development Project(PACD 12/90) has been 40% female. Given the high percentage of women that integrate the target population of those institutions which will receive services under the proposed project, it is estimated that this percentage will remain stable or improve. It is important to note that among the issues to be analyzed under the research/policy component are those related to the quality and permanence of employment in the informal sector. These issues are particularly relevant to women who find themselves in the most marginal and low productivity strata of this sector.

E. Implementation Arrangements: A project agreement will be signed with the National Corporation for Popular Economic Units (CONAUPE), the GOE's autonomous coordinating agency for credit, technical assistance, and training for the informal sector. CONAUPE will establish a working group with representatives of its own staff to be the counterpart for all activities. The working group will serve as the discussion forum and mobilizing force for policy issues. With project funds, a project coordinator will be hired with responsibility for project management and oversight.

CONAUPE will buy into a centrally-funded project for the provision of technical assistance services. Given the extensive prior experience of the CONAUPE staff, and the complexity of their mandate, it will be important that this assistance be of the highest quality. This "joint venture" arrangement between CONAUPE and the USAID-funded technical assistance will ensure direct linkages to the Ecuadorian institutional reality while creating a receptive environment for policy dialogue and change. CONAUPE's agreement with NGOs will serve as the basis for fostering institutional strengthening.

F. Financial Plan

-Technical Assistance	2,500
-Training	600
-Research/Evaluation	600
-Project Coordination	<u>300</u>
Total	\$4,000

G. Sustainability: The proposed project focuses on sustainability at two different levels. On the one hand, the joint working group would gradually move toward an all-Ecuadorian task force in charge of sector oversight on policy and institutional development issues.

In addition, the thrust of the institutional strengthening component of the project will be the financial and technical sustainability of CONAUPE, its grantees (local NGO's), and other participating GOE entities servicing the micro-enterprise sector.

H. Relationship to AID Policy Objectives and Mission Strategy: The project is in conformity with Agency and Bureau policies to support small and micro-enterprise development.

I. Relationship to Other AID Projects and Other Donor Activities: The Small Enterprise Development (SED) Project, which terminates 12/90, has supported the development of credit, technical assistance and training activities for small and micro-entrepreneurs. For this purpose two grant agreements were signed with NGO's, and at the same time ESF local currency generations were used to fund a credit line under an agreement with the Ministry of Labor and the National Financial Corporation (CNF). Important lessons have been learned in the process of project implementation regarding such issues as credit policy, sustainability of technical assistance and training activities, and the comparative advantage of certain types of productive, service and commercial enterprises in this sector.

At the same time the Mission has organized a series of activities related to employment in Ecuador, as a follow-up to the assessment carried out in conjunction with the recent CDSS. An inter-office task force was established on employment and growth-with-equity issues, and a comprehensive analysis of these issues will be completed in March 1990, as part of the Mission's macro-economic policy framework.

Until the end of 1989 USAID was funding wholly, or in part, most small and micro-enterprise efforts in Ecuador. In November 1989 the GOE established CONAUPE as the focal point on issues related to employment and the informal sector. CONAUPE received initial funding of \$8 million from the Central Bank for informal sector support activities. The Mission has been informed that an additional \$30 million from the IDB should be approved by March 1990. CONAUPE will sign sub-agreements with NGO grantees to manage these funds for credit, technical assistance and training.

The creation of CONAUPE has changed the environment surrounding development activities involving the informal sector. In this context, during 1990 the SED project will focus on integrating the findings of the Mission's employment analyses with sector concerns as they have emerged from the project, bringing to bear a series of technical assistance services to develop guidelines for the follow-on project. At the same time, the final year of the SED

project will be used to consolidate the work of the local service providers. Part of the follow-on project's focus will be to further strengthen these institutions through financial support and technical assistance coordinated by CONAUPE.

In sum, the proposed new project will combine important achievements of the SED project with the Mission's emerging employment focus, and contribute to the orientation and implementation of the recently-established CONAUPE. AID/W experience under the S&T ARIES and GEMINI projects, as well as the Micro-Enterprise Stocktaking exercise conducted by CDIE, will be brought to bear as appropriate.

J. Relationship to the Mission's Policy Dialogue Agenda: The proposed project is directly supportive of the Mission's policy on interest rates. Under the SED project, the Mission is funding a credit line which operates at market rates and contains a series of other features, all tending to demonstrate the feasibility of establishing small and micro-enterprises as clients of the private banks.

In addition, the Mission's emphasis on sustainability and cost recovery will be reinforced by the project, as will the priority placed on permanent, productive employment as the important juncture between growth and equity. Guidelines on such topics as credit and cost recovery will also be relevant to the policy agenda for the housing and urban development and agriculture sectors.

K. Principal Project Design Issues:

1.- ESF funds are currently being channeled through the Ministry of Labor's small enterprise program (UNEPROM). With the advent of CONAUPE, UNEPROM's functions have not been clarified. The World Bank Social Sector Assessment emphasized this potential institutional duplication and an apparent lack of will to resolve it. The proposed project should establish as a pre-condition the clarification of public sector institutional responsibilities.

2.- One consequence of the creation of CONAUPE has been resistance from certain Ecuadorian and US-based NGO's active in the sector, on the basis of what they perceive to be the new institution's "coordinating" (read "controlling") function. To the extent that CONAUPE is identified with the political party or regime that was responsible for its creation, this resistance may be justified. The Mission has discussed this and other issues in a recent cable conveying our concerns to the IDB on the design of its new micro-enterprise project. Nevertheless, CONAUPE is designed as an autonomous and permanent agency, and currently manages more resources than any other institution working in this area. The potential political dimension of its focus will have to be carefully addressed in the design process.

3.- Under the current earmark, AID/W has indicated that a major percentage of credit beneficiaries should be receiving \$300 or less per loan. Given the nature of the employment problem in Ecuador, the Mission has decided on a strategy which favors permanent, viable employment generation, rather than a "minimalist" approach. This will have to be clearly documented and described during the PID and PP processes.

L. PID and PP Approval: The Mission requests Bureau concurrence and delegation of authority to the Mission Director to approve the PID and PP.

M. AID/W TDY Support for Project Development: One month from S&T/RD/EED

N. Estimated PID Approval Date: February 1991

PP Approval Date: June 1991

3. FY 92 New Project

Title: Caribbean and Latin American Scholarship Program II (CLASP II)

Project Number: 518-0091

Project Funding: FY 92: \$1,200; LOP: \$5,000

Functional Accounts: Education and Human Resources (EHR)

A. Relationship to AID Country Strategy Objectives: USAID's CDSS cites an inadequate human resources base as an important constraint to social and economic growth. Through CLASP II, the development of leadership skills, particularly from the more disadvantaged population, will help fill this gap, and strengthen the training and education of Ecuador's leaders already begun through the CLASP I Project.

B. Relationship to HC and Other Donors: GOE will provide international airfare and salaries to its CLASP II participants. The private sector, expected to sponsor many project participants, also will offer the same support. No other donor in Ecuador is known to offer leader-oriented scholarships which so strongly stress women and the socio-economically disadvantaged.

C. Conformity with Agency and Bureau Policies: AID/W prepared the PID, a "model" PP, and plans to fund a portion of the project.

D. Project Description: CLASP II is a U.S. scholarship program to equip Ecuadorian leaders and potential leaders with specialized skills, training and education, plus an appreciation and understanding of democratic processes within a free enterprise economy. At least 40% of the participants will be women; 70% will be socially/economically disadvantaged; and 20% or more will receive long-term training. Program implementation will be through country and/or regional contracts, and possibly by buy-ins to AID/W agreements.

E. Mission Management: The GDO will supervise contract execution and project monitoring.

F. PID and PP Approval: LAC has issued the PID and a model PP, to be used as the basis for a Mission PP. AID/W has delegated authority to the field for project approval.

G. Potential Issues: There have been some difficulties in meeting APSP (predecessor project) targets for women and disadvantaged participants. With similar targets, CLASP II must be designed so that these recruitment targets are more likely to be met. Secondly, identifying potential leaders among the

disadvantaged and providing them with both good English language skills and good U.S. training will require an excellent contractor. Third, USAID seeks to reduce currently high APSP training costs. To meet both of the latter goals, one, rather than the current three, training contractors will be sought, and possibilities of collaboration with one or more of the other Andean AID Missions will be explored.

H. AID/W TDY Support for Project Development: Under review.

I. Estimated PP Approval: November 1991.

FY 92 New Project

Title: Urban Growth Management Program

Project Number: 518-0085; 518-HG-008

Project Funding: (\$000) FY 92: \$1,050 (G); \$10,000 (HG)
LOP: \$5,000 (G); \$25,000 (HG)

Functional Account: Private Sector, Energy and Environment
(PSEE)
Housing Guaranty Program (HG)

Project Goal and Purpose: The goal of this project is the wider sharing of the benefits of growth. Its purpose is to increase domestic financial resources directed to alleviating urban poverty.

Major Development Problem Being Addressed: 55% of Ecuador's population is already urban. The country continues to have one of the highest rates of urban population growth in South America. It is undergoing a transition from a rural to an urban society, with all of the structural changes that process entails. The difficulty of that change is intensified by the economic deterioration the country has experienced over the last 8 to 10 years, leading to an increasing share of the urban population that lives in poverty and without access to basic urban services.

Ecuador's urbanization affects and is affected by virtually every sector in which the Mission is active: population planning, small enterprise development, agricultural marketing, and macroeconomic structural adjustment. The Mission has thus chosen to examine its possible responses to the country's urbanization by searching for cross-cutting themes and greater integration among the Mission portfolio as it affects and is affected by urbanization.

Project Description: The Mission is currently in the process of developing an urban strategy, which when completed will be annexed to the Ecuador CDSS for FY90-FY94, as agreed to with the LAC Bureau during CDSS review. The Mission expects the strategy to be ready for presentation to the Bureau o/a June 1990. The strategy will identify ways in which urban poverty, which now affects 40 percent of urban residents and 20 percent of the national population, can be reduced. It will identify sectoral level policy constraints which if removed would create greater employment and income opportunities and an improved quality of life for the urban poor. The project that emerges out of the strategy will emphasize cross-sector linkages to maximize the impact of the Mission's development program through greater integration of its activities in urban areas. If the project that emerges out of the urban strategy involves a component related to shelter or urban development policies, then beyond a grant to provide funds for technical assistance and training activities, the project could also include Housing Guaranty resources tied to progress toward sectoral level policy reforms.

At this current early stage of development of the urban strategy, the Mission is considering the following areas as priorities in the project:

1. Emphasize local efforts to address the issue of urban poverty by formalizing a dialogue between the private sector and local communities to address the challenges of urbanization.
2. Strengthen and expand a decentralized approach to the management of urban growth by implementing fiscal reforms to increase efficiency in the use of government financing for urban growth, with emphasis on expanded local revenue generation and improved recovery of local government investments in basic services; and by promoting local public/private partnerships for the provision of municipal services and basic infrastructure.
3. Forge practical links between cities and the surrounding rural areas with a view to extending the benefits of municipal growth to rural areas and to maximizing the benefits to the urban economy of local agricultural activity.

Financial Plan: Life of Project (\$000, Grant only):

Technical Assistance	\$4,200
Training	\$ 600
Evaluation	\$ 200
Total	\$5,000

Relationship to AID Policy Objectives and Mission Strategy:

"Improve housing, basic services, and urban growth management" is one of the five objective categories under the goal of "Wider sharing of the Benefits of Growth" contained in the Mission's FY 90-94 CDSS. The major focus of the project will be to find ways to alleviate urban poverty with actions at the local government and community level.

In developing the urban strategy, the Mission will use as guidelines to orient the strategy: alleviating urban poverty, using the private sector as much as possible to address urban poverty, and strengthening the capacity of local governments to act as catalysts in bringing together local private sector and community groups to solve problems related to urbanization and to generate local resources to apply to urban services that support private sector and community solutions to urban poverty.

Relationship to Other AID Projects and Other Donor Activities: The urban strategy and this project will take as basic points of departure the Mission's shelter program, its macroeconomic policy dialogue activity, its employment and informal sector strategy and

project, and its agricultural development policy agenda. In the area of urban development, the IBRD and IDB are expected to initiate jointly a program during 1990, providing approximately \$200 million in capital assistance for municipal investments in potable water, sewerage, electricity, and community roads, principally in mid-sized cities of Ecuador. Other donors have various programs oriented towards the urban poor, in the areas of microenterprise development, health programs, and education.

Relationship to the Mission's Policy Dialogue Agenda: This project is directly related to the Mission's focus on the poor as its primary target group, and to the identification of policies inhibiting a freer flow of economic resources among economic sectors in order to create the conditions for sustained economic growth and a wider sharing of the benefits of growth. The project will take as points of departure the Mission's policy dialogue agendas in the areas of macroeconomic policies, employment and the informal sector, and population planning.

Principal Project Design Issues: Continued support of the GOE for decentralization policy; identification of counterparts; speed with which local revenue resources can increase to replace GOE transfers; and designing the project in such a way as to make it feasible either with or without Housing Guaranty Program resources.

PID and PP Approval: The Mission plans to submit both the PID and PP for this project to AID/W for review and authorization.

AID/W TDY Support for Project Development: None anticipated at this time.

Estimated PID Approval: October 1991

PP Approval: March 1992

4. FY 1991 New Project - Performance Fund

Title: Ecuador Debt-for-Development Initiative

Project Funding: (000) FY91: \$1,000* (G); LOP: \$3,000 (G)
(* LOP amount could all be funded in FY91 if implementing arrangements permit obligation to a single organization. See Section E. below.)

Functional Account: ARDN, HE, EHR, and/or PSEE

A. Project Goal and Purpose: This proposal would fund a program of 8-10 individual projects using the debt swap mechanism. The purpose of the program is to support local initiatives that promote sustainable economic development and/or the wider sharing of the benefits of economic growth among Ecuador's disadvantaged groups. Each individual activity funded will have its own, specific goal and purpose within the framework established for the program.

B. Major Development Problems Being Addressed: The absence of sustainable economic growth in Ecuador and the failure of the country to implement policies and programs that result in an equitable distribution of the benefits of economic growth.

C. Project Description: The debt crisis in many developing countries and the evolution of secondary markets for this debt have led to innovative approaches to exchange debt paper for other assets with which to support development programs. Pioneering efforts in the "debt-for-nature" area have been broadened in several countries to use a debt swap mechanism to fund activities in a number of economic and social development fields.

On October 31, 1989, the Ecuadorian Monetary Board approved a regulation governing debt-for-development programs. This regulation authorizes the Central Bank (BCE) to acquire up to \$50 million (face value) of debt from non-profit organizations domiciled in Ecuador engaged in social, cultural, educational, amateur sports, and environmental activities. A maximum of \$5.0 million face value would be approved for any one program. The BCE will issue stabilization bonds equal to 50% of the value of exchanged debt. The bonds would pay interest equal to the average of 90-179 day certificates of deposit, adjusted every six months. The amortization period for these bonds would be equal to the amortization period of the debt retired.

A number of U.S. and Ecuadorian non-governmental organizations (NGOs) have expressed interest in this program, and have begun to prepare proposals to the Ecuadorian authorities for this purpose. The Mission is familiar with proposals from CARE, the University of Rhode Island (the Mission plans direct assistance to both of these projects separately from this proposed program), ACCION, the Rotary

Club, ACDI, Fundacion Carvajal, FUNDAGRO, Fundacion IDEA, and various university groups. In addition, the Mission will fund a three-day workshop in early 1990, conducted by the Debt-for-Development Foundation, aimed at familiarizing a range of NGOs with the Ecuadorian program and providing specific assistance to NGOs in the presentation of proposals.

The proposed program would make available AID funding for up to 50% of the resources required to purchase Ecuadorian debt by selected NGOs for the purpose of carrying out individual development projects. With Ecuadorian debt currently trading at 15-17% on the secondary market, this formula would result in a leveraging of approximately 1:6 for AID funds invested in these programs. Individual projects would receive between \$100,000 and \$500,000 of AID funding.

D. Impact on Women: Each project considered for approval will be required to address its impact on women, and this will be a principal selection criterion.

E. Implementation Arrangements: Two options for obligation of funds are under consideration: (1) to sign an agreement with an "umbrella" organization such as the Debt-for-Development Foundation which would then administer sub-grants to NGOs based on AID approval of specific projects, or (2) to sign individual grant agreements with each NGO approved for participation under the program. In either event, the Mission would make only matching grants to NGOs judged capable of fully managing the proposed projects, with only periodic reporting of progress to AID required. If the primary implementing organization is from the U.S., specific relationships to Ecuadorian public and private sector agencies will be required as a criterion for approval.

F. Financial Plan: An annual program of approximately \$1.0 million in AID funding for three years is proposed. Together with NGO funding (50%) and the multiplier effect of the debt swap mechanism, this would result in program assets of approximately \$18.0 million. Interest generated on stabilization bonds acquired through the debt exchange would further increase the resources available to support approved development activities.

G. Sustainability: Sustainability of individual project activities would be a primary selection criterion. It is also envisioned that endowment funds would be created for several of the NGOs supported.

H. Relationship to AID Policy Objectives and Mission Strategy:
(See J)

I. Relationship to Other AID Projects and Other Donor Activities:
(See J)

J. Relationship to the Mission's Policy Dialogue Agenda: AID published guidelines for funding debt for development projects in February, 1989. One of the principal drawbacks to AID participation in these programs had been the requirement that any interest earned on AID funds be returned to the U.S. Treasury. This precluded use of AID funds to purchase debt that would be converted into medium-term, interest earning bonds, which is the approach used by the Government of Ecuador. This drawback was removed in the FY 90 Appropriations bill, which now permits interest to be used for project purposes, and also explicitly authorizes AID funds to be used for endowment funds.

AID participation in a program of this nature will allow discussion of Ecuadorian policies with respect to renegotiation of its external commercial debt and its approach to debt-for-development and debt-equity mechanisms. The Government's policies in these areas could have significant impact on its economic recovery program.

Individual projects would be selected based on the extent to which they address the constraints and priorities set forth in the Mission's CDSS and complement other AID projects, on their potential to impact significantly on these problems, and on their prospects for long-term sustainability. The PID and PP will propose specific project selection and approval criteria.

K. Principal Project Design Issues:

1. The implementation arrangements for obligation of funds discussed in Section E. above.

2. The current GOE program is in effect only until June 30, 1990. As indicated, it also covers primarily "social" fields such as education and health. This proposal assumes that the program will be extended after June 1990, and will be broadened to include a wider range of economic activities such as agriculture and small enterprise assistance. Favorable consideration of this proposal, together with AID participation in the workshop sponsored by the Debt-for-Development Foundation, will permit the Mission to encourage changes in this direction.

3. Individual project activities carried out by NGOs, particularly if they involve the creation of endowment funds, could extend for several years. As part of project design, the Mission will seek a specific understanding that local currency funds available for these projects do not, for accountability purposes, belong to AID and that our monitoring relationship can be limited to general supervision of project activities and adequacy of NGO implementing capabilities once the debt swap has taken place.

4. Current AID debt-for-development guidelines require "AID" approvals at various points leading to the debt exchange transaction. For purposes of this proposal, if this program is approved the Mission assumes that it may provide these approvals, without further clearance from AID/W offices.

L. PID and PP Approval: This program is being proposed as part of the FY 1991 Performance Fund. It is our understanding that PIDs for the Fund must be submitted to AID/W for approval by May 1990. Assuming PID approval, the Mission proposes either to develop (or request) a PP for the project if obligation will be made through one umbrella organization, or to authorize individual project activities separately without an overall PP if the other option for obligation of funds is selected.

M. AID/W TDY Support for Project Development: None required.

B. Planned Food AID Activities

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 US 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 per cent of its wheat needs and imports the remainder from the US through credits subsidized by USDA. A few other products, such as rice, barley and non-fat dried milk, have been imported fairly regularly, although Ecuador could be self-sufficient in all of these products. Other products are exported some years and imported other years depending on weather, availability of production credit, inputs and other factors.

The Ministry of Agriculture has indicated its concurrence with the findings of a feed grains study prepared for the Ministry in December 1989 by the Institute of Agricultural Strategies (IDEA), with the assistance of the Association of Livestock Feed Manufacturers (AFABA) and the Ministry's Poultry Division. The major finding of the study was that Ecuador will encounter significant and growing feed grain deficits over the period 1990/91 - 1994/95. The study recommended that the Government of Ecuador institute a system of price bands in order to stabilize domestic feed grain prices within a range linked to world prices. It also recommended that the private sector be free to import any quantity of feed grains, but that they should be sold at the price equal to the highest price within the established price band. The expected need for such imports (sorghum or corn) will have to be met with some combination of commercial and Section 416 imports in 1990 and subsequent years.

Proposed Food Assistance Level:

USAID proposes to conduct its own study of feed grain uses and needs projected over a five-year period. This study will look particularly at poultry and dairy feed needs. The study will also consider the economic feasibility of poultry exports. Included in the study will be an analysis of how Ecuador can expand its own feed grain production to minimize the gap between expanded consumption of feed grains and domestic production, and specifically address the impact (if any) of imports on the prospects for achieving this objective.

If this study confirms the GOE's projections for feed grain import needs over the next 5 years, a plan will be developed to import sorghum through both commercial and Section 416 resources.

Thirty thousand metric tons of sorghum were imported under Section 416 in early FY-90. This shipment was originally requested for FY-89, but delayed decisions in Quito resulted in

the shipment being received in early FY-90.

The 30,000 metric tons of FY-89 sorghum will generate slightly more than \$3 million in local currencies. The Food Aid Secretariat has approximately \$1.5 million of unprogrammed funds remaining from previous food aid donations. An additional approximately \$500,000 are available from Food Aid funds for the Disaster Relief project with Partners for the Americas. For 1990, the Mission assumes that an additional 30,000 metric tons of sorghum can be imported. Prior to a decision, however the Mission will conduct the study mentioned above. Should an additional 30,000 metric tons of sorghum be imported under Section 416, an additional \$3 million in local currency would be available. For FYs 91-92, the Mission estimates that 30,000 metric tons of sorghum will be imported each year.

The justifications for continued food aid include: a) to alleviate pressure on Ecuador's foreign exchange reserves through the importation of "donated" commodities; b) to foster free market policy reforms, and c) to expand US commercial export market (eg: sorghum).

Relationship to Overall Country Strategy: The local Currency (LC) program is an integral part of USAID's development strategy. The LC program is critical to activities supporting the objectives of increased and sustained agricultural productivity, improved agricultural policies, promotion of agro-industries, access to improved technology among the rural poor majority, and more sustainable natural resource management. At a time of reduced AID budgets and fiscal constraints on the GOE due to low oil prices and high debt payments, these funds make an important contribution to the AID program in Ecuador.

Food Aid conditionality will be highly complementary of the Mission's policy agenda in the agriculture sector. In particular, Food Aid agreements will attempt to lever the removal of price controls on domestic food crops, a decision to grant autonomy to the national agriculture research institute (INIAP), and a greater budget allocation for agriculture research.

Current Host Country Food Policies/Reforms: The GOE, with leadership from the Ministry of Agriculture, is moving towards free market prices of all food commodities with the exception of sugar. Unfortunately, the President, fearing rising prices and a resulting negative impact on his party's performance in the upcoming June elections, apparently has decided not to remove the price controls at the present time. The Mission is optimistic that, with continued support from the GOE's economic team and the Ministry of Agriculture, at least some food prices will be freed during FY 90. The Ministry of Agriculture is currently working with USAID in the re-definition of the Agricultural Sector Reorientation Project with the intent to extend that

project for an additional three years and further improve its policy analysis and formulation capabilities.

Special Programs

1) Emergency Food Program: Approximately \$500,000 worth of local currency remain available from a PL-480 Title II, Section 202 Emergency Food Program which was signed on June 18, 1987. These funds are programmed for the Disaster Relief Project, which assists the Government of Ecuador's Civil Defense Program in its effort to improve emergency response capabilities.

Mission Management Arrangements for Food Assistance:

Day-to-day management of the Food Aid program is fully administered by the Implementation Secretariat (IS). The IS, representing the Ministries of Agriculture and Finance and USAID, establishes criteria for the use of food aid resources, reviews proposals for local currency use, provides financial management for resources (including investments prior to disbursement), and monitors and evaluates established local currency programs. The Food Aid Advisory Council, comprised of two USAID representatives and two representatives of the GOE (Sub-secretary of the Ministry of Agriculture and Sub-secretary of the Ministry of Finance), oversees and approves all activities of the IS.

SECTION IV - RESOURCE REQUIREMENTS

Section IV - Resource Requirements

A. General Narrative

Earlier sections of this Action Plan reconfirm the validity of the Mission's development strategy and document the relatively high level of performance, on both program and country indicators, that AID's assistance program in Ecuador has achieved in recent years. Although OMB has requested an "Advanced Developing Country" strategy for Ecuador, and we are prepared to discuss this idea during the Action Plan review and subsequently, we believe that, in the context of a sluggish economy and a weak institutional base, such a status for Ecuador is inappropriate in the near term. On the contrary, the Mission believes that the declining resource levels projected for this program, especially in ESF, are not in overall U.S. interests, risk undermining our success over the past several years in having a significant impact on Ecuadorian policies and programs despite a relatively small amount of investment, and should be reconsidered. We strongly recommend that an annual program level of \$25-35 million (\$15 million DA, \$10 million ESF, and the balance in food aid and HGs) be established for Ecuador for the balance of the CDSS period, i.e. through FY 1994.

We have been able to become an important player in policy dialogue both by having a modest but meaningful amount of resources to offer Ecuador to help solve its significant macroeconomic and sectoral problems -- to secure a place at the table -- and by being able to dedicate increasingly our time and energies to the time-consuming process of cultivating relationships, analyzing the origins of and possible solutions to difficult development problems, and using our contacts and facts to help persuade Ecuadorian policy-makers and opinion leaders of the necessity and wisdom of carrying out changes. When compared to other LAC countries, it is obvious that much of our influence comes not from the size of the carrot we offer, but from the quality and sincerity of our advice, as well as the importance most Ecuadorians place on relations with the United States. We believe that this is an effective and sustainable approach to development assistance and sound bilateral relations, and that an annual investment of the magnitude requested is the minimum necessary to carry out this approach in a country the size and location of Ecuador.

While we believe our program/operating costs ratios are very defensible, we can no longer take the conventional view that the Mission's operating resources are strictly allocated to the management of AID projects in country. Traditional measures of staffing and OE levels compared to annual funding amounts or number of projects do not accurately reflect the operating resource requirements for a policy-based program. We have

designed and hope to continue to improve upon a program that combines assistance dollars and intellectual (program-funded advisors and OE-funded staff) resources to motivate policy change and innovative project implementation by Ecuadorians. With the management improvements and increased efficiency we have achieved and can project for the future, the Mission believes that a program of this nature and size, while more time consuming in many ways than AID's traditional approach, can be administered with constant levels of operating resources, representing a decline of approximately 5% per year in real terms.

As we have discussed extensively in all our program documents during the past two years (see especially the FY 1990-91 ABS and recent Mission Management Profile), this Mission has placed considerable emphasis on seeking ways to allocate our staff resources more efficiently and effectively by holding the line on staff increases, eliminating from our staff several project-funded contractors, establishing relationships on project design and implementation based on the interest and commitment of our Ecuadorian counterparts, and exploring innovative project design and implementation arrangements that help remove USAID staff from direct management of our programs so that we may concentrate on policy dialogue and program direction. For example, our new Child Survival project and extensions of the Non-Traditional Agricultural Exports and Forestry Sector projects reflect contracting plans and the elimination of numerous units of management that will significantly decrease USAID involvement in implementation details. Likewise, the design and implementation strategy for the Sustainable Uses of Biological Resources project represents a major innovation in this regard. We are giving active consideration to debt-for-development proposals, the possibilities for non-project assistance, ways our resources can be used in greater coordination with and have greater leverage on other donor resources, and more hands-off management of grants in key program areas, as well as continuing to focus our portfolio and allocation of resources on a few key policies and interventions in the sectors identified in our CDSS.

The impact of these efforts is shown not only by the success of our policy dialogue on many fronts and program performance generally, but also in the fact that we have managed to reduce staff levels from 144 in FY 1987 to 131 this year, a decline of nearly 10%. We have also negotiated substantial reductions in office rent over the next five years, and funded management training and encouraged the creation of employee committees tasked with critically reviewing office operations and procedures in order to improve efficiency. The result is that our OE levels for FY 1990 and FY 1991 are below actual expenditures in FY 1987. With continued emphasis on efficiency and management improvements, we believe staffing levels can

continue to decline to 125 FTEs in FY 1991, and by an additional 3-5% per year through the remainder of the CDSS period.

With these reductions, OE requirements can be held constant at \$2.6 million per year in nominal terms, representing continued contraction in real terms. While this level is over \$200,000 less for FY 1991 than our ABS request, it still represents an increase of \$100,000 for that year over current planning levels. Although the level of \$2.5 million would not permit significant NXP procurement for the second year in a row, we would have been prepared to try to live within that level had it not been for a critical recent personnel change. The Mission has employed a U.S. PSC with 35 years of financial management experience in the Controller's Office for the past three years as part of a concerted, long-range effort to train staff and implement numerous improvements in that office, while also serving as de facto Chief Accountant. Our primary FSN candidate for assuming this function at the end of FY 1990 recently left the Mission for other employment. We have begun recruitment of another individual for Chief Accountant, but do not have a candidate with the required skills and experience. Consequently, we now project a need to extend the PSC for an additional year to serve as the Chief Accountant and train the successful FSN candidate. This will add over \$90,000 to our earlier projection of FY 1991 OE needs.

Reductions in program or operating expenses below the levels requested will have serious negative implications for our ability to carry out the kind of program described above. Limited or no ESF will undermine our access to and credibility with Ecuadorian policy makers and major donors such as the World Bank and Inter-American Development Bank on macroeconomic issues. Reduced DA levels could mean we would have to eliminate programs in natural resources management, urban development, employment policies and small enterprise development, and basic education. Inability to actively influence policies and programs in these or other key areas described in our CDSS would accurately be viewed by Ecuadorians as inconsistent with U.S. economic abilities and political interests, especially when compared with other LAC countries of similar or smaller size and at a time of Presidential-level commitment to Andean development efforts to counter the drug trade. Consequently, our positive impact on Ecuador's economic, social and political development would be significantly reduced, not only in the sectors from which we would have to withdraw, but across the board. Smaller OE resources would reduce our ability to focus on influencing policy change and program direction because a proportionately higher share of our time would be spent on internal documentation, information requests, and day-to-day management details, all of which would have adverse consequences for our ability to attract and retain the high quality of U.S. and

Ecuadorian professional staff on which our success, particularly in the policy area, depends. Likewise, lower OE and staff levels will mean greater vulnerability to the financial management and accountability weaknesses of our counterparts.

With respect to Operating Expenses, however, we will have significant problems generating Trust Funds to meet the current control levels unless ESF is restored to the requested levels beginning in FY 1990. We entered FY 1990 with a Trust Fund balance of approximately \$240,000; our Trust Fund requirements for this year are \$675,000. Assuming disbursement of the FY 1989 ESF cash transfer, the additional \$900,000 generated for the Trust Fund will carry us through the middle of FY 1991. However, with devaluation and inflation over the next year, and the present doubt about the availability of ESF in FY 1990, our OE situation could be critical next year. If we have no ESF in FY 1990, reliance on OE Trust Funds in FY 1992, even if ESF were available in FY 1991, would be questionable, given our past experience with the timing of ESF disbursements, especially since 1992 will be an election year in Ecuador.

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 FYs 91 - 92 ACTION PLAN
 SUMMARY PROGRAM FUNDING TABLE
 Dollar Program by Functional Account
 (U.S. \$ 000)

PROJECT TITLE AND NUMBER =====	FY 90 =====	FY 91 =====	FY 92 =====
DEVELOPMENT ASSISTANCE =====			
ARDN =====			
PD & S - 518-0000.01	410	351	250
NON TRADITIONAL AGRICULTURAL EXPORTS - 518-0019	858	1,254	0
FORESTRY SECTOR DEVELOPMENT - 518-0023	813	0	0
AGRICULTURAL SECTOR REORIENTATION - 518-0051	800	900	1,600
SMALL FARMER SUPPORT SERVICES OPG - 518-0057	70	0	0
LAND TITLING - 518-0059	0	500	0
AGRICULTURAL RESEARCH, EXTENSION & EDUCATION - 518-0068	906	1,044	586
SUSTAINABLE USES FOR BIOLOGICAL RESOURCES - 518-0069	0	1,100	2,514
OYB TRANSFERS FOR COASTAL RESOURCES MANAGEMENT & INFORDE	350	0	0
	-----	-----	-----
SUBTOTAL	4,207	5,149	4,950
	-----	-----	-----
(Loan)	0	0	0
(Grant)	4,207	5,149	4,950
 POPULATION =====			
PD & S - 518-0000.03	200	50	30
POPULATION AND FAMILY PLANNING - 518-0026	1,400	0	0
POPULATION AND FAMILY PLANNING II - 518-0084	0	1,625	1,600
	-----	-----	-----
SUBTOTAL	1,600	1,675	1,630
	-----	-----	-----
(Loan)	0	0	0
(Grant)	1,600	1,675	1,630
 HEALTH =====			
PD & S - 518-0000.02	10	0	0
CHILD SURVIVAL - 518-0071	843	761	0
WATER AND SANITATION FOR HEALTH EDUCATION - 518-0081	956	746	800
	-----	-----	-----
SUBTOTAL	1,809	1,507	800
	-----	-----	-----
(Loan)	0	0	0
(Grant)	1,809	1,507	800
 CHILD SURVIVAL =====			
PD & S - 518-0000.06	0	30	0
CHILD SURVIVAL - 518-0071	3,138	2,404	2,181
	-----	-----	-----
SUBTOTAL	3,138	2,434	2,181
	-----	-----	-----
(Loan)	0	0	0
(Grant)	3,138	2,434	2,181

EDUCATION

=====

PD & S - 518-0000.04	150	130	150
NARCOTICS EDUCATION OPG - 518-0064	711	489	0
RADIO EDUCATION - 518-0080	1,000	500	500
CLASP II PROGRAM - 518-0091	0	0	1,200
	-----	-----	-----
SUBTOTAL	1,861	1,119	1,850
	-----	-----	-----
(Loan)	0	0	0
(Grant)	1,861	1,119	1,850

ENVIRONMENT AND ENERGY

=====

PD & S - 518-0000.05	275	200	239
SPECIAL DEVELOPMENT ACTIVITIES - 518-0004	300	300	300
NON TRADITIONAL AGRICULTURAL EXPORTS - 518-0019	262	324	0
URBAN GROWTH MANAGEMENT - 518-0085	0	0	1,050
EMPLOYMENT AND INFORMAL SECTOR STRENGTHENING - 518-0086	0	1,315	1,000
POLICY DIALOGUE SUPPORT - 518-0089	339	661	0
CARE DEBT/EQUITY SWAP GRANT - 518-0092	300	0	0
PVO - DPGs - 518-9999	0	316	0
	-----	-----	-----
SUBTOTAL	1,476	3,116	2,589
	-----	-----	-----
(Loan)	0	0	0
(Grant)	1,476	3,116	2,589
	-----	-----	-----
SUBTOTAL D.A.	14,091	15,000	14,000
	-----	-----	-----
(Loan)	0	0	0
(Grant)	14,091	15,000	14,000

ECONOMIC SUPPORT FUND

=====

SUBTOTAL ESF	9,000	10,000	10,000
	-----	-----	-----
(Loan)	0	0	0
(Grant)	9,000	10,000	10,000

P.L. 480 SECTION 416

=====

SUBTOTAL SECTION 416	6,000	3,500	3,500
	-----	-----	-----
(Loan)	0	0	0
(Grant)	6,000	3,500	3,500

PROGRAM TOTAL	29,091	28,500	27,500
	=====	=====	=====
(Loan)	0	0	0
(Grant)	29,091	28,500	27,500

B. Mortgage Analysis Narrative

The attached tables on Mortgage Analysis show AID's mortgage projections for Ecuador in FYs 90, 91 and 92. For each year mortgage projections have been prepared using: (a) FY 89 as the baseline year for calculating mortgage liquidation; and (b) the preceding FY as the baseline for calculating such mortgage liquidation. Calculations based on mortgage for projects authorized through the end of FY 89 more realistically reflect the future funding requirements for projects which have already been authorized and the flexibility that we have to undertake new program commitments, and are summarized in the following table:

OYB Mortgage Liquidation and Flexibility by Fiscal Year

<u>FY 90</u>		<u>FY 91</u>		<u>FY 92</u>	
<u>PERCENT FOR MORTG. LIQUID.</u>	<u>PERCENT FLEXIBILI- LITY</u>	<u>PERCENT FOR MORTG. LIQUID.</u>	<u>PERCENT FLEXIBILI- LITY</u>	<u>PERCENT MORTG. LIQUID.</u>	<u>PERCENT FLEXIBILI- LITY</u>
59%	41%	47%	53%	25%	75%

In thinking about AID "flexibility" to make program decisions in FYs 90, 91 and 92, it should be kept in mind that FY 90 is not as flexible as the Action Plan Years. The reason being that in FY 90 AID is still bound by functional account limitations and thus is not yet in a position to make significant changes in the sectoral orientation of our program (as appropriate) based on our own definition of specific country priorities and needs. In FYs 91 and 92, functional accounts will be eliminated and AID, in theory, will have such flexibility. The real extent of flexibility will largely depend on funding levels, Congressional earmarks and Agency special interests.

Overall, the mortgage situation of the AID program in Ecuador is well within reasonable limits as established in "problem mortgage guidance" from AID/W, i.e. "mortgages more than twice as large as the program level for the current year". The figures in the attached tables, which are self-explanatory, support this statement.

FYs 91 - 92 ACTION PLAN
MORTGAGE ANALYSIS AND PROJECTIONS
TO FY - 92
(U.S. \$ 000)

PROJECT NUMBER AND TITLE	L.O.P.	OBLIG. THROUGH FY-89	MORTGAGE AT END FY-89	PLAN MORTGAGE		MORTGAGE AT END		PLAN MORTGAGE		MORTGAGE AT END	
				FY-90 OBLIG	FY-90 AT END	FY-91 OBLIG	FY-91 AT END	FY-92 OBLIG	FY-92 AT END		
=====											
AGRICULTURE, RURAL DEV. & NUTRITION											
=====											
518-0000.01 PD & S	G	0	2,400	0	410	0	351	0	250	0	0
518-0019 NON TRADITIONAL AG. EXPORTS	G	4,900	2,788	2,112	858	1,254	1,254	0	0	0	0
518-0023 FORESTRY SECTOR DEV.	G	2,300	1,487	0	813	0	0	0	0	0	0
518-0051 AG. SECTOR REORIENTATION	G	10,700	7,400	0	800	2,500	900	1,600	1,600	0	0
518-0057 SMALL FARMER SUPPORT SERVICES OPG	G	881	811	0	70	0	0	0	0	0	0
518-0059 LAND TITLING	G	2,500 1/	2,000	500	0	500	500	0	0	0	0
518-0068 AG. RESEARCH, EXTENSION AND EDUCATION	G	7,000	4,464	2,536	906	1,630	1,044	586	586	0	0
518-0069 SUSTAINABLE USES FOR BIOLOGICAL RESOURCES	G	9,000 2/	0	0	0	0	1,100	7,900	2,514	5,386	0
OYB TRANSFERS FOR COASTAL RESOURCES MGMT. AND INFORDE	G	0	0	0	350	0	0	0	0	0	0
=====											
APPROPRIATION TOTAL		37,281	21,350	5,148	4,207	5,884	5,149	10,086	4,950	5,386	0
=====											
GRANT		37,281	21,350	5,148	4,207	5,884	5,149	10,086	4,950	5,386	0
LOAN		0	0	0	0	0	0	0	0	0	0
=====											
POPULATION PLANNING											
=====											
518-0000.03 PD & S	G	0	157	0	200	0	50	0	30	0	0
518-0026 POPULATION AND FP	G	12,144 3/	10,744	1,400	1,400	0	0	0	0	0	0
518-0084 POPULATION AND F.P. II	G	7,500	0	0	0	0	1,625	5,875	1,600	4,275	0
=====											
APPROPRIATION TOTAL		19,644	10,901	1,400	1,600	0	1,675	5,875	1,630	4,275	0
=====											
GRANT		19,644	10,901	1,400	1,600	0	1,675	5,875	1,630	4,275	0
LOAN		0	0	0	0	0	0	0	0	0	0

1/ LOP is reduced by \$4.3 million to reflect reduced project scope
2/ LOP of \$ 9.0 million reflects first six years of project funding
3/ LOP has been reduced to reflect PACD and present funding expectations

PROJECT NUMBER AND TITLE	G	L.O.P.	FUNDING	OBLIG. TROUGH		MORTGAGE AT END		PLAN FY-90		MORTGAGE AT END		PLAN FY-91		MORTGAGE AT END		PLAN FY-92		MORTGAGE AT END		
				FY-89	FY-89	FY-90	FY-90	OBLIG	OBLIG	FY-90	FY-90	OBLIG	OBLIG	FY-91	FY-91	OBLIG	OBLIG	FY-92	FY-92	OBLIG
PRIVATE SECTOR, ENERGY AND ENVIRONMENT																				
518-0000.05 PD & S	G		0	1,935	0	275	0	200	0	239	0	0	0	0	0	0	0	0	0	0
518-0004 SPECIAL DEV. ACTIVITIES	G		0	1,463	0	300	0	300	0	300	0	0	0	0	0	0	0	0	0	0
518-0019 NON TRADITIONAL AG. EXPORTS	G		2,000	1,414	586	262	324	324	0	0	0	0	0	0	0	0	0	0	0	0
518-0085 URBAN GROWTH MANAGEMENT	G		5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
518-0086 EMPLOYMENT AND INFORMAL SECTOR STRENGTHENING	G		4,000	0	0	0	0	1,315	2,685	1,000	1,685	0	0	0	0	0	0	0	0	0
518-0089 POLICY DIALOGUE SUPPORT	G		1,000	0	0	339	661	661	0	0	0	0	0	0	0	0	0	0	0	0
518-0092 CARE DEBT/EQUITY SWAP	G		300	0	0	300	0	0	0	0	0	0	0	0	0	0	0	0	0	0
518-9999 PVO - DPGs	G		0	0	0	0	0	316	0	0	0	0	0	0	0	0	0	0	0	0
APPROPRIATION TOTAL			12,300	4,812	586	1,476	985	3,116	2,685	2,589	5,635									
GRANT			12,300	4,812	586	1,476	985	3,116	2,685	2,589	5,635									
LOAN			0	0	0	0	0	0	0	0	0									
COUNTRY TOTAL			95,725	42,953	20,702	14,091	17,489	15,000	24,366	14,000	21,335									
GRANT			95,725	42,953	20,702	14,091	17,489	15,000	24,366	14,000	21,335									
LOAN			0	0	0	0	0	0	0	0	0									

G/L: GRANT/LOAN
L.O.P.: LIFE OF PROJECT

USAID/ECUADOR
 FYs 91 - 92 ACTION PLAN
 MORTGAGE ANALYSIS - FY - 90
 (FY - 89 AS BASELINE)
 (U.S. \$ 000)

FUNCTIONAL ACCOUNT	MORTGAGE AT END FY-89	PLAN FY-90 OBLIG.	AMOUNT FOR MORTG. LIQUID.	PERCENT FOR MORTG. LIQUID.	AMOUNT * FOR NEW PROJECTS	PERCENT FOR NEW PROJECTS
ARDN	5,148	4,207	1,764	42%	2,443	58%
FN	1,400	1,600	1,400	88%	200	13%
HE	4,750	1,809	1,799	99%	10	1%
CS	6,818	3,138	3,138	100%	0	0%
EHR	0	1,861	0	0%	1,861	100%
PSEE	586	1,476	262	18%	1,214	82%
TOTALS	20,702	14,091	8,363	59%	5,728	41%

* Includes new projects, project extensions initiated this FY and PD and S

USAID/ECUADOR
 FYs 91 - 92 ACTION PLAN
 MORTGAGE ANALYSIS - FY - 91
 (FY - 89 AS BASELINE)
 (U.S. \$ 000)

FUNCTIONAL ACCOUNT	MORTGAGE AT END FY-89	PLAN FY-91 OBLIG.	AMOUNT FOR MORTG. LIQUID.	PERCENT FOR MORTG. LIQUID.	AMOUNT * FOR NEW PROJECTS	PERCENT FOR NEW PROJECTS
=====	=====	=====	=====	=====	=====	=====
ARDN	5,148	5,149	2,798	54%	2,351	46%
FN	1,400	1,675	0	0%	1,675	100%
HE	4,750	1,507	1,507	100%	0	0%
CS	8,818	2,434	2,404	99%	30	1%
EHR	0	1,119	0	0%	1,119	100%
FSEE	586	3,116	324	10%	2,792	90%
TOTALS	20,702	15,000	7,033	47%	7,967	53%

* Includes new projects, project extensions initiated since FY-90 and PD and S

USAID/ECUADOR
 FYs 91 - 92 ACTION PLAN
 MORTGAGE ANALYSIS - FY - 91
 (FY - 90 AS BASELINE)
 (U.S. \$ 000)

FUNCTIONAL ACCOUNT	MORTGAGE AT END FY-90	PLAN FY-91 OBLIG.	AMOUNT FOR MORTG. LIQUID.	PERCENT FOR MORTG. LIQUID.	AMOUNT * FOR NEW PROJECTS	PERCENT FOR NEW PROJECTS
ARDN	5,884	5,149	3,698	72%	1,451	28%
FN	0	1,675	0	0%	1,675	100%
HE	2,951	1,507	1,507	100%	0	0%
CS	5,680	2,434	2,404	99%	30	1%
EHR	1,989	1,119	989	88%	130	12%
PSEE	985	3,116	661	21%	2,455	79%
TOTALS	17,489	15,000	9,259	62%	5,741	38%

* Includes new projects, project extensions initiated this FY and PD and S

USAID/ECUADOR
 FYs 91 - 92 ACTION PLAN
 MORTGAGE ANALYSIS - FY - 92
 (FY - 89 AS BASELINE)
 (U.S. \$ 000)

FUNCTIONAL ACCOUNT	MORTGAGE AT END FY-89	PLAN FY-92 OBLIG.	AMOUNT FOR MORTG. LIQUID.	PERCENT FOR MORTG. LIQUID.	AMOUNT * FOR NEW PROJECTS	PERCENT FOR NEW PROJECTS
ARDN	5,148	4,950	586	12%	4,364	88%
PN	1,400	1,630	0	0%	1,630	100%
HE	4,750	800	800	100%	0	0%
CS	8,818	2,181	2,181	100%	0	0%
EHR	0	1,850	0	0%	1,850	100%
PSEE	586	2,589	0	0%	2,589	100%
TOTALS	19,702	14,000	3,567	25%	10,433	75%

* Includes new projects, project extensions initiated since FY-90 and PD and S

USAID/ECUADOR
 FYs 91 - 92 ACTION PLAN
 MORTGAGE ANALYSIS - FY - 92
 (FY - 91 AS BASELINE)
 (U.S. \$ 000)

FUNCTIONAL ACCOUNT	MORTGAGE AT END FY-91	PLAN FY-92 OBLIG.	AMOUNT FOR MORTG. LIQUID.	PERCENT FOR MORTG. LIQUID.	AMOUNT * FOR NEW PROJECTS	PERCENT FOR NEW PROJECTS
ARDN	10,086	4,950	4,700	95%	250	5%
PN	5,875	1,630	1,600	98%	30	2%
HE	1,444	800	800	100%	0	0%
CS	3,276	2,181	2,181	100%	0	0%
EHR	1,000	1,850	500	27%	1,350	73%
FSEE	2,685	2,589	1,000	39%	1,589	61%
TOTALS	24,366	14,000	10,781	77%	3,219	23%

* Includes new projects, project extensions initiated this FY and PD and S

C. LOCAL CURRENCY UTILIZATION

USES	ESF	PL480 I	PL 480 II	PL 480 III	FOOD FOR PROGRESS	SEC 416	SUGAR			
							CUCTA	OTHER	TOTAL	
HG BUDGET GEN										
HG BUDGET SECTOR										
HG CONTRIBUTION TO AID PROJECTS		514.96	22.95	680.32		359.85	46.30			1,624.38
HG CONTRIBUTION TO OTHER DONOR PROJ.										
HG MANAGED L/C PROJ (GOVT. OR PRIVATE)		214.82	--	--		96.20	--			7,110.52
AID PROGRAM TRUST FUND										
AID OE TRUST FUND	356									356.00
SECTION 108										
OTHER										
TOTAL		7,156	729.78	22.95	680.32	456.05	46.30			9,091.40

B. CHANNEL FOR ASSISTANCE *

PUBLIC SECTOR	3,600	333.50	15.85	153.08		273.77	15.40			4,391.60
PRIVATE SECTOR	3,200	396.28	7.10	527.24		182.28	30.90			4,343.80
TOTAL	6,800	729.78	22.95	680.32		456.05	46.30			8,735.40

*Determined by organization primarily responsible for managing the local currency.

C. LOCAL CURRENCY UTILIZATION (\$000)

1990

SUGAR
QUOTA
OTHER

USES	ESF	PL480 I	PL 480 II	PL 480 III	SEC 416	TOTAL
HG BUDGET GEN						
HG BUDGET SECTOR						
HG CONTRIBUTION TO AID PROJECTS				988.63	793.21	1,782.83
HG CONTRIBUTION TO OTHER DONOR PROJ.						
HG MANAGED L/C PROJ (GOVT. OR PRIVATE)		16.67		1.92	866.35	11,184.94
AID PROGRAM TRUST FUND						
AID OE TRUST FUND						682.3
SECTION 108						
OTHER						
TOTAL		10,982.3	16.67	990.55	1,659.56	13,650.07
B. CHANNEL FOR ASSISTANCE *						
PUBLIC SECTOR		2,000	16.67	310.47	468.48	2,795.62
PRIVATE SECTOR		8,300	--	680.08	1,191.08	10,172.15
TOTAL		10,300	16.67	990.55	1,659.56	12,967.77

*Determined by organization primarily responsible for managing the local currency.

C. LOCAL CURRENCY UTILIZATION
(\$000)

1991

<u>USES</u>	<u>ESF</u>	<u>PL480 I</u>	<u>PL 480 II</u>	<u>PL 480 III</u>	<u>SEC 416</u>	<u>OTHER</u>	<u>TOTAL</u>
HG BUDGET GEN							
HG BUDGET SECTOR					3,000		3,000
HG CONTRIBUTION TO AID PROJECTS							
HG CONTRIBUTION TO OTHER DONOR PROJ.							
HG MANAGED L/C PROJ (GOVT. OR PRIVATE)	10,300				1,000		11,300
AID PROGRAM TRUST FUND							
AID OE TRUST FUND	517.7						517.7
SECTION 108							
OTHER							
TOTAL	10,817.7				4,000		14,817.70
B. CHANNEL FOR ASSISTANCE *							
PUBLIC SECTOR	4,000				3,250		7,250
PRIVATE SECTOR	6,300				750		7,050
TOTAL	10,300				4,000		14,300

*Determined by organization primarily responsible for managing the local currency.

1992

C. LOCAL CURRENCY UTILIZATION
(\$000)

<u>USES</u>	<u>ESF</u>	<u>PL 480 I</u>	<u>PL 480 II</u>	<u>PL 480 III</u>	<u>SEC 416</u>	<u>OTHER</u>	<u>TOTAL</u>
HG BUDGET GEN							
HG BUDGET SECTOR					4,000		4,000
HG CONTRIBUTION TO AID PROJECTS							
HG CONTRIBUTION TO OTHER DONOR PROJ.							
HG MANAGED L/C PROJ (GOVT. OR PRIVATE)			7,400		1,000		8,400
AID PROGRAM TRUST FUND							
AID OE TRUST FUND			600				600
SECTION 108							
OTHER							
TOTAL			8,000		5,000		13,000
B. CHANNEL FOR ASSISTANCE *							
PUBLIC SECTOR			3,400		4,200		7,600
PRIVATE SECTOR			4,000		800		4,800
TOTAL			7,400		5,000		12,400

*Determined by organization primarily responsible for managing the local currency.

SECTION V - MISSION ISSUES FOR DISCUSSION

WITH AID/W

Section V - Mission Issues

1. No ESF in FY 90

The CDSS guidance cable stated that "continued progress on policy issues highlighted in the CDSS will weigh heavily on future program level decisions, particularly for ESF." Despite the relatively positive policy reform accomplishments over the past year, as documented in our FY 89 ESF PAAD and in this Action Plan, AID/W funding decisions will likely result in no new ESF for FY 90. This decision not only detracts from the Mission's ability to "secure a seat at the table" and discuss policy issues seriously with the GOE, it certainly contradicts the Agency's performance-based budgeting philosophy (Ecuador ranked fifth overall in the LAC country performance analysis). This cutback also comes at a time when high-level attention is being focussed on the Andean region and our war against drugs. In addition, without ESF local currency trust funds, the Mission will have a difficult (if not impossible) chance of reaching FY 91-92 OE control levels.

Has LAC considered the marginal benefit of trimming major ESF recipients in Central America by \$2.0 to \$2.5 million apiece versus the total elimination of ESF in Ecuador?

2. OE Cutbacks

Given the Mission's efforts to-date on OE spending and efficiency, as detailed in the Resource Requirements narrative of the AP, the Mission believes that special consideration by AID/W should be given to USAID/Ecuador when OE cutbacks are required. In the spirit of performance-based budgeting, recognition should be given to the positive efforts in fiscal austerity which have been implemented.

3. Donor Coordination

The CDSS guidance cable stated that AID/W will consult with the World Bank regarding resurrecting the consultative group for Ecuador. What progress has been made by AID/W and what support for this initiative can be expected in the future?

4. Administration of Justice

The AID/W CDSS review concluded that given the nature of the narcotics problem in Ecuador, AID should focus its efforts on building greater Ecuadorian awareness of the potential danger that narcotics poses for Ecuadorian society and on preparing an appropriate legal code and set of judicial practices that will ensure that narcotics activities will be quickly and efficiently prosecuted. It was recommended that the Mission work with LAC/DI to develop administration of justice

activities (appropriate to Ecuador and to the Mission's staff and financial constraints) and explore ways in which USAID/Ecuador can tap into the ongoing and planned AID-financed Democratic Initiatives Regional project.

The GOE is currently reviewing sweeping new narcotics legislation which was developed with AID assistance. The Mission has also begun an administration of justice assessment under the LAC/DI Regional AOJ project, although LAC/DI appears unable to meet its current commitment to match our PD and S resources. Discussions with LAC/DI staff have foreseen the possibility of a follow-on project once the assessment results have been reviewed and discussed with the GOE. Given that (a) the current Supreme Court will be leaving office next year, (b) the assessment will not be completed until late FY 90 or early FY 91, and (c) the Mission is presently in no position to judge the merits of this initiative, USAID is not proposing any new project in this area for the Action Plan period. Consideration of any such proposal in the future would require firm commitments as to future LAC/DI technical backstopping and funding at a time when local circumstances permit.

5. Andean Trade Initiative

The Mission believes that the recently announced Andean Trade Initiative represents an important incentive for new investment and is strongly supportive of our policy dialogue efforts directed toward the establishment of a more outward-oriented growth model. Unfortunately, the initiative runs the risk of becoming irrelevant if strong measures are not taken to reinforce it. The June 30, 1990 deadline for identification of products which will seek entry to the US market under the preferential trade regime underscores the initiative's limitations when compared with CBI legislation. USG interagency promotion, coordination and assistance in implementing this initiative is sorely lacking. USAID/Ecuador also strongly supports USAID/Bolivia's suggestions (La Paz 0605) regarding (a) duty-free treatment for all exports, with limited exceptions; (b) the inclusion of a super 806/807 clause; (c) an exemption to the Lautenberg and Bumpers amendments; and (d) preferential tax treatment to contributions by US corporations to a regional fund which would work to develop non-traditional exports.

ANNEX - FY 91 COUNTRY TRAINING PLAN

Annex - Country Training Plan

A. MISSION TRAINING OBJECTIVES FOR PARTICIPANT TRAINING IN GENERAL AND FOR THE ANDEAN PEACE SCHOLARSHIP PROGRAM

This Country Training Plan (CTP) integrates training into the focus and priorities of the Mission's portfolio, as outlined in the Mission's Action Plan (1991-1992). This CTP combines specificity with flexibility in its approach to planning, programming, monitoring and follow-up, as required, as part of the training process.

The Mission will contribute to the country's social and economic development, and the restructuring of its economic and basic human needs delivery systems, through: 1) support to bilateral projects in the traditional areas of agriculture, health and child survival, family planning, natural resources, etc.; 2) promotion of democratic values and strengthening of ties between the U.S. and Ecuador through Andean Peace Scholarship Program training in priority developmental areas; and 3) LAC Training Initiatives in fields not contemplated under bilateral projects such as the upgrading of educational institutions, special education and other activities that contribute to the improvement of the social, economic and living conditions of the disadvantaged segments of the Ecuadorian population.

The LAC Training Initiatives Project will terminate as of December 31, 1991. The objective of this project, which goes beyond the scope of individual technical assistance projects and gives increased attention to the social and political context of development, has been most appropriate to Ecuador's broader human resource development needs.

B. SUMMARY OF TRAINING PROGRAM UNDER THE ANDEAN PEACE SCHOLARSHIP PROJECT

The APSP in Ecuador targets leaders and potential leaders from both the public and private sectors who can make a contribution to the development of the country, and who are likely to influence opinions and policies. Short-term training is directed at health professionals (public health technicians, administrators and policy-makers); agricultural trainees (aquaculturists, extensionists, and natural resource managers, among others); community development leaders, mayors and municipal officials, drug prevention specialists; journalists, artisans, and youth groups (including young political leaders).

Long-term training consists of one-to-two year scholarships (non-degree graduate work, Masters degree, or other training, lasting more than nine months) for the following target groups: public health technicians and administrators, public administrators, education administrators, agricultural professionals, agricultural economists, special education professionals, university professors and administrators, university students and young professionals with leadership potential, among others.

C. GROUPS TO BE TARGETED IN FY 1991 UNDER APSP AND TYPES OF TRAINING PROGRAMS TO BE OFFERED:

- Eighteen government health planners and policy makers and private health foundation staff will participate in a 4-6 week course on health economics and financing issues, related to policy development for long-term sustainability in the health sector.
- Twenty-three agricultural trainees will participate in a 6-10 week course, the focus of which will be identified by the APSP Steering Committee in April, 1990.
- Sixteen young leaders of democratic Ecuadorian political parties will participate in another 5-6 week program designed to acquaint participants with American democratic processes and values as well as develop leadership and other political skills.
- Sixteen participants will take part in a 4-8 week program to be identified by the APSP Steering Committee in April, 1990. The program will be financed under the education functional account.

Long-term training:

The project contractor will recruit approximately 42 participants for one and two year programs, to be initiated in FY 90 and FY 91. In accordance with calculations of funds available from functional accounts in agriculture, health, and education, the following breakdown shows targets by length of training and functional account:

27 months (14 trainees):

- 6 under education functional account
- 6 under agriculture functional account
- 2 under health functional account

16 months (27 trainees):

- 21 under education functional account
- 6 under agriculture functional account

12 months (1 trainee):

- 1 under education functional account

D. COMPLIANCE WITH ANDEAN PEACE SCHOLARSHIP PROGRAM POLICY GUIDANCE:

1. Forty percent target for women: 34% of all participants to date are women (30% of short-term participants, 52% of long-term participants). Short-term groups in FY 89 were heavily male-dominated. This is attributable to the areas which the Mission considered priority to its development objectives. The Mission intends to rectify this situation in FY90 by paying special attention to selection of women, and by reevaluating planned target groups, if need be.
2. Ten percent placement in HBCUs: No trainees have yet been placed in HBCUs. It was agreed at the October 1988 Regional Conference that the U.S. contractor and field missions will make HBCU placement a priority during the remainder of the project. Our U.S. contractor has presented us with no options for HBCU placement to date. In order to remedy this situation, the Mission plans to take a more active role in exploring HBCU placement options for our remaining scholars.
3. Twenty-five percent long-term training: The 31 long-term scholars sent to date (13 FY 88, 18 FY 89) make up 17% of the 175 scholarships granted to date. The total long-term training for the life-of-project was originally set at 30% of all participants, but after an analysis of funds obligated and cost, USAID/Ecuador reduced the total of long-term training to 25%. In addition to the 18 scholars already in training, another 23 participants have been selected and have initiated English language training in country.

Note: 1) For APSP, "long-term" is defined as training 9 months or longer, while "short-term" training is under 9 months. Source: State 267136 (8/10/88).

2) For training other than APSP, "long-term" is defined as 6 months or longer, while "short term" training is under 6 months. Source: Participant Training Notice 89-6 (12/19/88).

4. Seventy-five percent short-term training: All short-term training has complied with minimum four-week guidance with the exception of the journalists group (12 journalists) which was organized before guidance on the subject was received. AID/W approval of this exception is on file.
5. Seventy percent target for disadvantaged: 77% of Ecuador's APSP participants to date qualify as disadvantaged (76% of short-term trainees, 84% of long-term scholars).
6. "Experience America": All the Mission's APSP programs contain an "Experience America" component, consisting of exposure to U.S. culture, its citizens, values and organizations. The Mission is satisfied that such activities have been meaningfully integrated with the academic or technical segment of our programs, as requested by the Mission in training proposal cables and PIO/Ps. The role and purpose of the Experience America component is covered in USAID's predeparture orientations and the quality of this component is evaluated at debriefing sessions.
7. Follow-on activities: Our journalist group was invited to an informal debriefing luncheon shortly after their return, and later participated in a reunion with their Project Director (from Northeastern University) in August, 1988. At least seven of the twelve journalists were involved in USIS-sponsored ARNET programs about the presidential campaign in the U.S. A one-day workshop for the women community development participants was held in early December, 1988, conducted by one of the group's U.S. trainers. Watershed managers and ecologists met with the program staff in December, 1988 to evaluate the applicability of their training and to explore the possibility of additional follow-up activity, based on common interest and need. They met again to draft a proposal for a large-scale training program for public institutions involved in water management and conservation. To date, this has not received financial support. Health administration trainees and USAID/APSP staff met with the Minister of Health in February, 1989 to share the results of their program, and to make recommendations for modifications in the Ministry's Regionalization Program, the purpose of which is to decentralize the management of public health services. Our Project Manager and Program Specialist have made follow-on visits to the Cuenca area, meeting with artisans, watershed participants, and journalists. A \$5,000 grant from OIT was awarded for follow-on activities for the Mayors and Municipal officials group. These activities will include a

seminar on the role of the municipal government in economic development, and on urban development in the participants' home cities.

8. Steps taken to contain training costs: 1) selection of training institutions is based on careful evaluation of both technical and cost factors; 2) cost-effective state universities are used for long-term training; 3) in-country English Language Training (ELT) capabilities are utilized (and, under the current in-country contract, are being developed) to minimize the cost of ELT in the U.S.; 4) the mission is exploring the possibility of utilizing "canned" English courses for short-term programs, with minor adjustments to meet Ecuadorian-specific needs; and 5) all available discounts or other cost saving options on airline tickets have been obtained, including one free ticket per 11 short-term participants.
9. Minimum lead times: Mission has complied with minimum lead times (3 months for short-term groups and 6 months for long-term participants). All FY90 short-term groups are being programmed to allow approximately five months of lead time, both to increase the amount of time given to intermediaries for preselection, and to ensure that training dates will not be subject to major alteration.
10. Steps taken to avoid programming of training for the elite: The Mission has complied with policy guidance to exclude elites from participation in the program. Our in-country contractor has been instructed to keep even the "appearance of elitism" in mind when pre-screening candidates. The Mission defines economically disadvantaged within the context of the Ecuadorian social institutional setting; that is, anyone earning less than 3.5 times the monthly minimum salary, with an allowance of one monthly minimum salary per dependent adult and one-third the monthly minimum salary per dependent child, is defined as economically disadvantaged. The 30% (33% to-date for Ecuador) who are not necessarily disadvantaged could by no means privately finance their studies in the U.S.
11. Other accomplishments to date: The APSP Steering Committee has met five times, on 2/11/88, 10/28/88, 11/16/88, 1/13/89, and 8/22/89, to establish long- and short-term training areas for life-of-project, and specifically for FY 88-90. In May, 1988, USAID/Ecuador contracted the Fulbright Commission for in-country administrative support services through August, 1989. In July, 1989 the Mission contracted the Experiment in International Living for in-country management of APSP from September, 1989 through the end of the project.

During FY88, 54 short-term participants were trained and 13 long-term scholars initiated stateside training programs. During FY89, 90 short-term participants were trained and 18 long-term scholars began U.S. training. In addition, another 23 participants were selected and are currently receiving in-country English language training.

E. GROUPS TO BE TARGETED IN FY 1992 AND TYPES OF TRAINING PROGRAMS TO BE GIVEN:

Target groups for FY92 will be established during the design of CLASP II, after a Socio-Institutional Framework for Ecuador has been prepared and approved by the Mission and AID/W. USAID/Ecuador plans to submit its completed SIF to AID/W in September, 1990, with a target authorization for the PP by approximately December, 1990.

TABLE 1
CLASP TRAINING

FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

PROGRAM:	COUNTRY OF ORIGIN: ECUADOR						TOTAL
	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	
<u>TYPE OF TRAINING</u>							
<u>TECHNICAL-27 days or less</u>							
Female	-	-	-	3	-	-	3
Male	-	-	-	9	-	-	9
<u>TECHNICAL-28-180 days</u>							
Female	-	-	-	19	21	44	41
Male	-	-	-	23	69	56	34
<u>TECHNICAL-180-269 days</u>							
Female	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-
<u>TECHNICAL-270 days or more</u>							
Female	-	-	-	8	6	10	9
Male	-	-	-	1	7	15	19
<u>TOTAL TECHNICAL</u>	-	-	-	63	103	125	103
							394

1/ Do not include training to be carried out under CLASP II.

2/ Please make separate tables, where relevant, for LAC II/PTIIC and LAC II/APSP

NOTE: For APSP, "long-term" is defined as training 9 months or longer, while "short term" training is under 9 months. Source: State 267136 (3/10/83).

TABLE 1
 (page 2 - continued)
 CLASP TRAINING

FY 1991 COUNTRY TRAINING PLAN UPDATE
 NUMBER OF NEW STARTS

<u>TYPE OF TRAINING</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>TOTAL</u>
<u>ACADEMIC Undergraduate - 1 year</u>								
Female	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-
<u>ACADEMIC Undergraduate - 3 years</u>								
Female	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-
<u>ACADEMIC Undergraduate - 4 years or more</u>								
Female	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-
<u>ACADEMIC - Graduate level - 1 year</u>								
Female	-	-	-	-	1	-	-	1
Male	-	-	-	-	1	-	-	1
<u>ACADEMIC - Graduate level - 2 years</u>								
Female	-	-	-	-	1	3	7	11
Male	-	-	-	4	2	5	7	18
<u>TOTAL ACADEMIC</u>								
	-	-	-	4	5	8	14	31

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TABLE 1
 (page 3 - continued)
 CLASP TRAINING

FY 1991 COUNTRY TRAINING PLAN UPDATE
 NUMBER OF NEW STARTS

<u>TYPE OF TRAINING</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>TOTAL</u>
<u>SUMMARY</u>								
<u>TOTAL TRAINEES</u>	-	-	-	67	108	133	117	425
<u>ACADEMIC</u>								
Female	-	-	-	-	2	3	7	12
Male	-	-	-	4	3	5	7	19
<u>TECHNICAL</u>								
Female	-	-	-	30	27	54	50	161
Male	-	-	-	33	76	71	53	233
<u>LONG-TERM</u>								
Female	-	-	-	8	8	13	16	45
Male	-	-	-	5	10	20	26	61
<u>SHORT-TERM</u>								
Female	-	-	-	22	21	44	41	128
Male	-	-	-	32	69	56	34	191

TABLE 2
NON CLASP TRAINING

FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

PROGRAM: Project Related Training - U.S.
Project Related Training - Third Country

COUNTRY OF ORIGIN: ECUADOR

TYPE OF TRAINING	COUNTRY OF ORIGIN: ECUADOR						TOTAL	
	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990		FY 1991
<u>TECHNICAL-27 days or less</u>								
Female	5	10	7	6	13	16	16	73
Male	25	30	25	19	59	24	24	206
<u>TECHNICAL-28-180 days</u>								
Female	5	6	7	2	-	-	-	20
Male	25	19	24	6	2	-	-	76
<u>TECHNICAL-180-269 days</u>								
Female	-	-	2	-	-	-	-	2
Male	-	-	-	-	2	-	-	2
<u>TECHNICAL-270 days or more</u>								
Female	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-
<u>TOTAL TECHNICAL</u>	60	65	65	33	76	40	40	379

1/ Do not include training to be carried out under CLASP II.

2/ Please make separate tables, where relevant, for LAC II/PTIIC and LAC II/APSP

NOTE: For training other than APSP, "long-term" is defined as 6 months or longer, while "short term" training is under 6 months. Source: Participant Training Notice 89-6 (12/19/89).

TABLE 2
 (page 2 - continued)
 NON CLASP TRAINING

FY 1991 COUNTRY TRAINING PLAN UPDATE
 NUMBER OF NEW STARTS

<u>TYPE OF TRAINING</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>TOTAL</u>
<u>ACADEMIC Undergraduate - 1 year</u>								
Female	-	-	-	-	2	4	4	10
Male	25	25	25	25	35	13	13	161
<u>ACADEMIC Undergraduate - 3 years</u>								
Female	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-
<u>ACADEMIC Undergraduate - 4 years or more</u>								
Female	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-
<u>ACADEMIC - Graduate level - 1 year</u>								
Female	-	-	-	-	-	-	-	-
Male	-	-	-	-	2	-	-	2
<u>ACADEMIC - Graduate level - 2 years</u>								
Female	1	4	2	-	-	1	1	9
Male	8	5	3	1	-	2	2	21
<u>TOTAL ACADEMIC</u>	34	34	30	26	39	20	20	203

TABLE 2
(page 3 - continued)
NON CLASP TRAINING

FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

<u>TYPE OF TRAINING</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>TOTAL</u>
<u>SUMMARY</u>								
<u>TOTAL TRAINEES</u>	94	99	95	59	115	60	60	582
<u>ACADEMIC</u>								
Female	1	4	2	-	2	5	5	19
Male	33	30	28	26	37	15	15	184
<u>TECHNICAL</u>								
Female	10	16	16	8	13	16	16	95
Male	50	49	49	25	63	24	24	284
<u>LONG-TERM</u>								
Female	-	-	2	-	-	-	-	-
Male	-	-	-	-	2	-	-	-
<u>SHORT-TERM</u>								
Female	10	16	14	8	13	16	16	93
Male	50	49	49	25	61	24	24	282

TABLE 3
LAC TRAINING INITIATIVES I AND II

FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

PROGRAM:	COUNTRY OF ORIGIN: ECUADOR									
	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>TOTAL</u>		
<u>TYPE OF TRAINING</u>										
<u>TECHNICAL-27 days or less</u>										
Female	1	3	11	3	3	-	-	-	-	21
Male	31	27	32	17	8	-	-	-	-	115
<u>TECHNICAL-28-180 days</u>										
Female	-	-	-	3	-	-	-	-	-	3
Male	-	-	-	13	4	1	-	-	-	18
<u>TECHNICAL-180-269 days</u>										
Female	-	-	-	-	-	-	-	-	-	-
Male	-	-	1	-	-	-	-	-	-	1
<u>TECHNICAL-270 days or more</u>										
Female	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
<u>TOTAL TECHNICAL</u>	32	30	44	36	15	1	-	-	-	158

1/ Do not include training to be carried out under CLASP II.

2/ Please make separate tables, where relevant, for LAC II/PTIIC and LAC II/APSP

TABLE 3

(page 2 - continued)

LAC TRAINING INITIATIVES I AND II

FY 1991 COUNTRY TRAINING PLAN UPDATE
NUMBER OF NEW STARTS

<u>TYPE OF TRAINING</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>TOTAL</u>
<u>ACADEMIC Undergraduate - 1 year</u>								
Female	-	-	-	-	-	-	-	-
Male	2	1	1	-	-	-	-	4
<u>ACADEMIC Undergraduate - 3 years</u>								
Female	1	-	1	-	-	-	-	2
Male	1	-	-	-	-	-	-	1
<u>ACADEMIC Undergraduate - 4 years or more</u>								
Female	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-
<u>ACADEMIC - Graduate level - 1 year</u>								
Female	-	8	-	-	-	-	-	8
Male	-	-	-	1	-	-	-	1
<u>ACADEMIC - Graduate level - 2 years</u>								
Female	5	4	1	2	2	-	-	14
Male	-	2	2	1	1	-	-	6
<u>TOTAL ACADEMIC</u>	9	15	5	4	3	1	-	37

TABLE 3
 (page 3 - continued)
 LAC TRAINING INITIATIVES II AND II
 FY 1991 COUNTRY TRAINING PLAN UPDATE
 NUMBER OF NEW STARTS

<u>TYPE OF TRAINING</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>TOTAL</u>
<u>SUMMARY</u>								
<u>TOTAL TRAINEES</u>	41	45	49	40	18	2	-	195
<u>ACADEMIC</u>								
Female	6	12	2	2	2	-	-	24
Male	3	3	3	2	1	1	-	13
<u>TECHNICAL</u>								
Female	1	3	11	6	3	-	-	24
Male	31	27	33	30	12	1	-	134
<u>LONG-TERM</u>								
Female	-	-	-	-	-	-	-	-
Male	-	-	1	-	-	-	-	1
<u>SHORT-TERM</u>								
Female	1	3	11	6	-	-	-	21
Male	31	27	32	30	-	1	-	121