



PD-APR-1656

Señor Ingeniero
Diego Gándara
Presidente
Fundación Instituto de
Estrategias Agropecuarias
Ciudad

CONFIRMED COPY

DUPLICATE
ORIGINAL

Asunto: Convenio Cooperativo No.
518-0051-A-00-0093-00

Subject: Cooperative Agreement No.
518-0051-A-00-0093-00

17 de abril de 1990

April 17, 1990

ACTION

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Estimado señor Gándara:

De conformidad con la autoridad contenida en el Acta de Cooperación Externa de los Estados Unidos de 1961, y sus enmiendas, la Agencia para el Desarrollo Internacional (a la que en adelante se llamará "AID" o "Donante") por la presente proporcionará a la Fundación Instituto de Estrategias Agropecuarias (a la que en adelante se llamará Fundación IDEA o "Beneficiario") la suma de US\$475,000 en Fondos No Reembolsables, para apoyar un programa de reorientación del sector agrícola. Este Programa está descrito en forma más amplia en los Anexos 1 y 2 de este Acuerdo, que se titulan "Programa" y "Descripción del Programa"

Este Convenio y su obligación de US\$475,000 entrará en vigencia en la fecha de esta Carta y se ajustará únicamente a compromisos ejecutados por el Beneficiario de conformidad con los objetivos del programa durante el período que se inicia con la firma de la presente y termina el 31 de julio de 1993.

Este Acuerdo de Fondos No Reembolsables a la Fundación IDEA se hace bajo condición de que los fondos serán administrados de acuerdo con los términos y condiciones establecidos en el Anexo 1, titulado "Programa"; Anexo 2, "Descripción del Programa"; y Anexo

Dear Mr. Gandara:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D. or "Grantor") hereby grants to the Fundación Instituto de Estrategias Agropecuarias (hereby referred to as Fundación IDEA or "Recipient") the sum of \$475,000 to provide support for a program in agricultural sector reorientation, as described in the Schedule of this Agreement and the Attachment 2, entitled "Program Description".

This Agreement is effective and the obligation of US\$475,000 is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending July 31, 1993.

This Agreement is made to IDEA on the condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled the "Schedule," Attachment 2, entitled "Program Description," and Attachment 3,

ca

3, "Estipulaciones Uniformes", que han sido previamente acordadas y aceptadas por la Fundación IDEA.

entitled "Standard Provisions," which have been agreed to by your organization.

Sírvase firmar el original de esta carta y sus copias acusando recibo de este Convenio de Cooperación, y remitir el original y cinco copias a la Oficina Regional de Contratos de AID Quito, Ecuador.

Please sign the original and each copy of this letter to acknowledge your receipt of the cooperative agreement, and return the original and all but one copy to the Regional Contracting Office, USAID/Ecuador.

Atentamente,

Sincerely yours,


James J. Dunlap
Regional Agreement Officer
Oficial Regional de Convenios

Anexos:

- 1. Programa
- 2. Descripción del Programa
- 3. Estipulaciones Uniformes

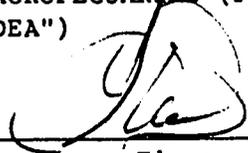
Attachments:

- 1. Schedule
- 2. Program Description
- 3. Standard Provisions

RECIBIDO:

FUNDACION INSTITUTO DE ESTRATEGIAS AGROPECUARIAS (FUNDACION "IDEA")

POR:

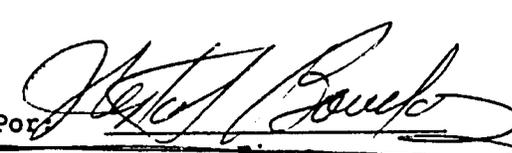

Firma

NOMBRE: Ing. Diego Gándara

Título: President

Fecha: _____

Por:


Firma

Nombre: Sr. Neptalí Bonifaz

Título: Executive Director

Fecha: _____

DATOS CONTABLES

| | |
|-----------------------|--------------------|
| Appropriation: | 72-1101021 |
| BPC: | LDNA-90-25518-KG13 |
| PIO/T No.: | 518-0051-3-00036 |
| Proyecto No.: | 518-0051 |
| Monto Total Estimado: | \$1,775,000 |
| Monto Obligado: | \$ 475,000 |

Fuente de Financiamiento: AID/W _____

USAID X

(1703M Esp - 1704M Engl)

Firma del Convenio Cooperativo de Fondos No Reembolsables
"Proyecto para la Reorientación del Sector Agropecuario"
No. 518-0051-A-00-0093-00

entre

La Fundación Instituto de Estrategias Agropecuarias
y la Agencia para el Desarrollo Internacional

Con el objeto de solemnizar el acto suscribe, como Testigo de Honor, el Director de la Misión AID/Ecuador.



Frank Almaguer
Director
Agencia para el Desarrollo Internacional

Anexo 1

Attachment 1

PROGRAMA

SCHEDULE

A. Propósito del Convenio

El propósito de este Convenio es el de apoyar el proyecto de reorientación del sector agrícola, tal como se lo describe en forma más amplia en el Anexo 2 de este Convenio, titulado "Descripción del Programa.

B. Período del Convenio

1. La fecha en que este Convenio entrará en vigencia es la misma de la Carta Convenio. La fecha de expiración de este Convenio es el 31 de julio de 1993.
2. Los fondos obligados por la presente cubrirán gastos del programa durante el período que empieza desde la firma del Convenio Cooperativo hasta el 31 de enero de 1991, aproximadamente.

C. Monto del Convenio y Pago

1. El monto total estimado de este Convenio para el periodo indicado en el literal B.1 es de \$1,775,000.

A. Purpose of Agreement

The purpose of this Agreement is to provide support to the Recipient in its agricultural sector reorientation project, as more specifically described in Attachment 2 to this Agreement entitled "Program Description."

B. Period of Agreement

1. The effective date of this Agreement is the date of the cover letter. The expiration date of this Agreement is July 31, 1993.
2. Funds obligated hereunder are available for program expenditures for the estimated period from the effective date until approximately January 31, 1991.

C. Amount of Agreement and Payment

1. The total estimated amount of this Agreement for the period shown in B.1 above is \$1,775,000.

AGREEMENT BUDGET

PRESUPUESTO DEL CONVENIO
(EN US\$)

| <u>Line Item</u> | <u>Fm. Efec. Date</u> <u>To: 01-31-91</u> | <u>Yet to be</u> <u>Obligated</u> | <u>Total</u> <u>AID Funds</u> | <u>IDEA</u> <u>Contribution</u> | <u>Total</u> <u>Project</u> |
|--|--|--------------------------------------|----------------------------------|------------------------------------|--------------------------------|
| Rubros | De: Fecha de Inicio Hasta: 01-31-91 | A ser Obligados | Total de Fondos AID | Contribución de IDEA | Total del Proyecto |
| 1. Policy Studies/ Forums/Publications Estudios/Foros y Publicaciones | 45,000 | 216,000 | 261,000 | 180,000 | 441,000 |
| 2. Administration & Technical Staff Personal Administrativo y Técnico | 100,000 | 300,000 | 400,000 | 145,000 | 545,000 |
| 3. Office Facilities/ Library Infraestructura de Oficina y Biblioteca | 12,000 | 63,000 | 75,000 | 27,000 | 102,000 |
| 4. Scholarships/ Training Entrenamiento y Becas | 54,000 | 165,000 | 219,000 | 52,000 | 271,000 |
| 5. Thesis Support/ Instructors Asistencia para Tesis y Profesores | 10,000 | 50,000 | 60,000 | — | 60,000 |
| 6. Intl. Travel Viajes Internacionales | 0 | 30,000 | 30,000 | — | 30,000 |
| 7. Technical Assist. Asistencia Técnica | 235,000 | 476,000 | 711,000 | — | 711,000 |
| 8. Office Equip/ Supplies Equipo de Oficina y Suministros | 19,000 | 0 | 19,000 | 11,000 | 30,000 |
| 9. Local Travel Viajes Locales | — | — | — | 40,500 | 40,500 |
| TOTAL | 475,000 | 1,300,000 | 1,775,000 | 455,500 | 2,230,500 |

2. AID por la presente obliga la cantidad de \$475,000 para gastos del programa durante el periodo establecido en el literal B.2 y de acuerdo a lo expuesto en el Presupuesto del Convenio que se detalla más adelante.
3. Los pagos al Convenio se harán de acuerdo a los procedimientos establecidos en el Anexo 3, Estipulación Uniforme, titulada "Pagos-Anticipos Periódicos."
4. Fondos adicionales hasta alcanzar el monto total del Convenio indicado en el literal C.1 pueden ser obligados por AID, sujetos a la disponibilidad de fondos y a las Estipulaciones Uniformes del Convenio en la sección titulada "Revisión del Presupuesto de la Donación."

D. Presupuesto del Convenio

1. A continuación se detalla el Presupuesto del Convenio, el mismo que incluye rubros en moneda local, por lo tanto se autoriza el financiamiento de gastos locales. Cualquier cambio a este presupuesto deberá hacerse de acuerdo con las Estipulaciones Uniformes de este Convenio, en su sección titulada "Revisión del Presupuesto de la Donación."
2. El Beneficiario deberá entregar a AID una copia de cada una de las auditorías financieras a él realizadas. El informe de auditoría deberá incluir una sección que detalle los desembolsos de AID al proyecto y los gastos relacionados por cada uno de los componentes del proyecto.

2. A.I.D. hereby obligates the amount of \$475,000 for program expenditures during the period set forth in B.2. above as shown in the Agreement Budget below.
3. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3 Standard Provision, entitled "Payment-Periodic Advance."
4. Additional funds up to the total amount of the Agreement shown in C.1. above may be obligated by A.I.D. subject to the availability of funds, and to the requirements of the Standard Provision of the Agreement, entitled "Revision of Grant Budget."

D. Agreement Budget

1. The following is the Agreement Budget, including local cost financing items. Some disbursements will be made in local currency, local cost financing is therefore authorized. Revisions to this budget shall be made in accordance with Standard Provision of this Agreement, entitled "Revision of Grant Budget."
2. The Recipient shall provide AID with a copy of each financial audit conducted of the Recipient. The audit report shall include a section detailing AID project receipts and related expenditures by project components.

3. La Fundación IDEA deberá preparar y presentar a AID, al inicio de cada año calendario, el presupuesto anual que cubra todos los gastos estimados para el año. Este presupuesto se basará en el presupuesto general aprobado en este documento.

4. Adicionalmente, la Fundación IDEA preparará y presentará a la AID un presupuesto trimestral de los gastos a realizarse en el período que comprenda el informe. El valor de los rubros del presupuesto deberá estar de acuerdo con el de los del presupuesto anual.

5. La contribución de la Fundación IDEA para el proyecto será de US\$455,500.

3. At the beginning of each calendar year, Fundacion IDEA shall prepare and present to AID an annual budget to cover the estimated expenses during the year. This budget shall be based on the general budget herein approved.

4. Additionally, Fundacion IDEA shall prepare and present to AID a quarterly budget for the expenses to be incurred during the report period. The amount of the budget items shall be consistent with the yearly working budget.

5. Fundacion IDEA's contribution to the program shall be US\$455,500.

E. Resumen de los Costos del Programa:

El costo total estimado del Programa es de US\$2,230,500. La contribución de la AID será de US\$1,775,000. La Fundación IDEA apoyará este programa con un equivalente estimado en moneda local de US\$455,500, incluyendo las donaciones en especies.

F. Informes:

1. Informes Financieros:

a) Los requerimientos para los informes financieros estarán de acuerdo con lo establecido en las Estipulación Uniforme

E. Summary of Total Program Costs:

The total estimated cost of the program is US\$2,230,500. The contribution of AID will total US\$1,775,000. Fundacion IDEA will support this program with the local currency equivalent of an estimated total of US\$455,500, including in-kind support.

F. Reporting:

1. Financial Reporting:

a) Financial reporting requirements shall be in accordance with the Standard Provision of this Agreement entitled

de esta Donación, titulada "Pago-Anticipos Periódicos", tal como se indica en el Anexo 3.

"Payment-Periodic Advance", as shown in Attachment 3.

- b) El original y dos copias de todos los informes financieros deben entregarse a la Oficina del Contralor de la USAID/ECUADOR.

- b) The original and two copies of all financial reports shall be submitted to the Office of the Controller, USAID/Ecuador.

G. Informe sobre el Desempeño del Programa:

2. Program Performance Reporting:

El Beneficiario deberá presentar informes trimestrales sobre el desempeño del Programa y un informe final que describa brevemente lo siguiente :

The Recipient shall submit quarterly program performance reports, and a final report which briefly presents the following information:

- a) Una comparación de los logros reales con las metas establecidas previamente para el período.
- b) Las razones por las cuales no se alcanzaron las metas.
- c) Pueden surgir muchos problemas entre las fechas fijadas para la presentación de los informes de desempeño, que pueden impactar significativamente en el programa. En tales circunstancias, el Beneficiario deberá informar a la AID tan pronto como tales condiciones se presenten:

- a) Comparison of actual accomplishments with the goals established for the period.
- b) Reasons why established goals were not met.
- c) Between the required performance reporting dates, events may occur that have significant impact upon the program. In such instances, the recipient shall inform AID as soon as the following types of conditions become known:

- | | |
|---|--|
| <p>(1) Problemas, retrasos y condiciones adversas que afecten materialmente la posibilidad de lograr los objetivos del programa, obstáculos en cumplir con los programas y metas, o imposibilidad de realizar las unidades de trabajo establecidas por períodos. Se deberá presentar esta información más un resumen de las acciones que se piensan tomar o se han tomado, y cualquier solicitud de asistencia requerida de la AID para resolver el problema.</p> <p>(2) Realizaciones positivas o eventos que permitan cumplir con los programas antes de lo previsto o que un mayor número de unidades de trabajo se realizan antes de lo originalmente proyectado.</p> <p>(3) El Beneficiario deberá presentar una solicitud para revisión del presupuesto si cualquier informe de desempeño revela la</p> | <p>(1) Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of work units by established time periods. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any AID assistance needed to resolve the situation.</p> <p>(2) Favorable developments or events that enable time schedules to be met sooner than anticipated or more work units to be produced than originally projected.</p> <p>(3) If any performance review conducted by the Recipient discloses the need for change in the budget estimates in accordance with the</p> |
|---|--|

necesidad de cambiar los valores estimados, tal como lo establecen las Estipulaciones Uniformes de este Acuerdo, tituladas, "Revisión del Presupuesto de la Donación."

criteria established in the Standard Provision of this Agreement entitled "Revision of Grant Budget," the Recipient shall submit a request for budget revision.

- d) Cualquier otra información pertinente, incluyendo cuando sea necesario, análisis y explicaciones de sobrecostos o costos unitarios altos.

- d) Other pertinent information, including when appropriate, analysis and explanation of cost overruns or high unit costs.

Se deberá enviar a la Oficina Técnica de la AID tres copias de cada uno de los informes de desempeño del programa. La AID deberá recibir estos informes hasta el séptimo día calendario de cada mes posterior a la finalización de cada trimestre.

Three copies of each program performance report shall be submitted to the AID's Technical Office. The AID Project Officer will receive these reports not later than the seventh calendar day of the month following the end of each quarter.

3. Informes Especiales:

El Beneficiario deberá entregar a la Oficina Técnica de la AID tantos informes especiales como AID lo requiera.

3. Special Reports:

The Recipient shall provide special reports as requested by the AID Technical Office.

G. Estipulaciones Especiales:

1. Todos los costos que se puedan cargar a este Convenio serán costos directos. No se estipula nada para costos indirectos.

G. Special Provisions

1. All costs chargeable to this Agreement shall be direct costs. There is no provision for indirect costs.

2. De acuerdo a los principios relacionados a costos del Gobierno de los Estados Unidos, aplicables a este Convenio, los fondos otorgados por la USAID no se pueden utilizar en actividades para recaudar fondos.

H. Entendimiento de Compromisos Especiales:

1. Previo a cualquier desembolso de fondos para la implementación de programas, la AID deberá revisar y aprobar las programaciones anuales de investigación en cada una de las tres áreas del Programa. Los programas de investigación desarrollados por IDEA y entregados a la AID, deberán describir los objetivos, resultados y recursos necesarios, incluyendo asistencia técnica.
2. IDEA deberá presentar para aprobación de la AID, los planes de contratación de personal administrativo, incluyendo los nombres del personal propuesto para el proyecto, a ser financiado bajo el Acuerdo de Cooperación, previo al desembolso de fondos para tal personal. El plan de contratación deberá describir el título del puesto, calificaciones necesarias, procedimientos de contratación y política salarial

2. In accordance with US Government cost principles applicable to this Agreement, USAID funds may not be used for fund raising activities.

H. Substantial Involvement Understandings

1. AID shall review and approve the annual research programs in each of the three program areas prior to the disbursement of funds for implementation of the programs. The research programs, developed by IDEA and submitted to AID, will describe objectives, outputs, and resources required, including technical assistance.
2. IDEA shall submit for AID approval, a staffing plan which includes the names of all proposed project personnel funded under the Cooperative Agreement prior to disbursement of funds for such personnel. The staffing plan shall describe positions, qualifications, contracting procedures, and salary policy.

3. Previo a cualquier desembolso de fondos bajo este Acuerdo que se efectúe después del 1o. de febrero de 1991, o a la emisión, de parte de la AID, de documentación, de acuerdo a la cual se permite hacer un desembolso, IDEA debe, salvo las partes lo acuerden por escrito, presentar, a satisfacción de la AID, en forma y sustancia lo siguiente:

- a) Evidencia de que se ha efectuado un análisis financiero completo y que, basándose en el mismo, se elaboró el plan financiero quinquenal, tendiente a fortalecer el Fondo Dotal y lograr el sostenimiento financiero de IDEA. Este plan financiero se presentará a AID para su revisión y aprobación.
- b) Evidencia de que se ha asegurado que existirá la infraestructura necesaria de espacios para oficinas a fin de que IDEA pueda tener una adecuada administración y dirección, un Directorio Técnico, facilidades para el procesamiento de datos y computación, apoyo técnico, asistencia técnica y servicio de biblioteca.

3. Prior to the disbursement of any funds under the Agreement after February 1, 1991 or to the issuance by AID of documents pursuant to which disbursement will be made, IDEA shall, except as the parties may agree in writing, furnish to AID in form and substance satisfactory to AID:

- a) Evidence that a thorough financial analysis has been conducted and that based on the analysis, a five year financial plan for strengthening its endowment and achieving financial sustainability has been elaborated. The financial plan will be submitted to AID for review and approval.
- b) Evidence that office facilities adequate for IDEA administration and management, the Technical Directorate, data processing and computational facilities, technical support, technical assistance, and library facilities have been secured.

4. Previo a cualquier desembolso de fondos bajo este Acuerdo que se efectúe después del 1o. de agosto de 1991, o a la emisión, de parte de la AID, de documentación, de acuerdo a la cual se efectivicen los desembolsos, IDEA debe, salvo las partes lo convengan por escrito, enviar, a satisfacción de la AID, en forma y sustancia, pruebas de que se han alcanzado los objetivos establecidos en el numeral 3a., que se ha podido cumplir el plan financiero para fortalecer el Fondo Dotal y que se ha logrado el sostenimiento financiero de IDEA.
 5. La AID deberá revisar y aprobar todo sub-convenio o sub-contrato sobre los US\$10,000 que se efectúe bajo este Convenio de Cooperación, antes de realizar cualquier desembolso de fondos para la implementación de este tipo de actividades.
 6. IDEA deberá presentar a AID, para su aprobación, el diseño del programa de becas que describa los criterios y proceso de selección, el establecimiento del comité de selección y la descripción de un plan y procedimientos para la divulgación y presentación de aplicaciones para las becas.
 7. La AID deberá revisar y aprobar los candidatos
4. Prior to the disbursement of any funds under the Agreement after August 1, 1991 or to the issuance by AID of documentation pursuant to which disbursement will be made, IDEA shall, except as the Parties may agree in writing, furnish to AID in form and substance satisfactory to AID, evidence that the targets established in 3a. above, the financial plan for strengthening its endowment and achieving financial sustainability, have been achieved.
 5. AID shall review and approve all sub-agreements and sub-contracts over US\$10,000 made under this Cooperative Agreement prior to disbursement of funds for implementation of such activities.
 6. IDEA shall submit for AID approval, the design of a scholarship program that describes selection criteria and processes, establishes a selection committee, and describes the plan and procedures for advertising and application.
 7. AID shall review and approve all candidates selected for

seleccionados para entrenamiento fuera del país, previo a cualquier desembolso de fondos para este propósito.

overseas training activities prior to disbursement of funds for this purpose.

8. IDEA acepta, salvo que AID acepte lo contrario por escrito, tomar las acciones necesarias para cumplir con todas las recomendaciones que pudieran resultar de la auditoría previa a la concesión de la donación.

8. IDEA agrees, except as AID may otherwise agree in writing, that it will take actions to comply with any and all recommendations which may result from the pre-award audit.

I. Título de Propiedad:

Los títulos de propiedad y de bienes adquiridos bajo este Convenio será consignado a favor del Beneficiario.

I. Title to Property

Title to property purchased under this Agreement shall vest in the Recipient.

J. Código Geográfico Autorizado:

En general, el código de fuente autorizado es el 000, los Estados Unidos, más el Ecuador.

Específicamente, para vehículos la fuente debe ser 000, los Estados Unidos. Para las excepciones se provee de una guía en las Estipulaciones Uniformes.

J. Authorized Geographic Code

In general, the authorized source code is 000, the United States, plus Ecuador.

Specifically for vehicles, the source must be 000, the United States. Guidance on exceptions is set forth in the Standard Provisions.

PROGRAM DESCRIPTION

A. Background:

Private sector participation in formulating Ecuador's agricultural policies continues to be weak and uncoordinated. The private sector lacks organizational capability, knowledge and support to provide substantive and rigorous economic arguments to the public agencies charged with establishing and administering agricultural policies. Participation is concentrated within a small group of food and feed grain producers and cattlemen, generally those who have greater formal education, training and wide experience in agricultural activities and issues.

Agricultural policies have been perceived as inadequate to stimulate private investment and development of the agricultural sector. Public policy has suffered a credibility gap on the part of producers, or at least a lack of confidence in its sustainability and continuity. As such, incentives needed to encourage aggressive agricultural investment are lacking. In short, policy formulation has been a public sector activity without formal private sector participation.

The Government of Ecuador and the United States signed a project agreement on July 31, 1985 to implement the Agricultural Sector Reorientation Project, whose primary objective is to strengthen private and public sector capacity to analyze macro-economic and sectoral policies. Under that agreement, AID signed a sub-agreement with Fundación Ciencia to create an Agricultural Policy Institute (API) for implementation of Activity 3 of the project. In February 1988, the API separated from Fundación Ciencia to form the independent, non-profit, Fundación IDEA.

On February 10, 1988 Fundación IDEA was officially recognized as an independent research institution through Executive Decree No. 3702, published in the Official Register No. 871. Fundación IDEA also has been recognized as a Private Voluntary Organization by USAID/Ecuador. On January 20, 1989 USAID/Quito awarded Fundación IDEA the sum of US\$349,580 through grant No. 518-0051-G-SS-9003-00 to provide support for a program within the USAID funded Agricultural Sector Reorientation project. The estimated completion date for this Grant Amendment is July 30, 1990.

Through Project Implementation Letter No. 172, dated August 7, 1989, the PL-480 Implementation Secretariat approved the disbursement of 240 million sucres for IDEA to establish an endowment.

The role and activities of Fundación IDEA to date have been influential and conducive to the accomplishment of the agricultural sector reorientation goals and objectives. Fundación IDEA has supported the realization of a number of subsector studies in agricultural marketing, macroeconomics, credit, and natural resources, as well as various seminars, round tables, and workshops to analyze the results of these studies and stimulate the participation of the private sector in the discussions and formulation of policy recommendations. Fundación IDEA has sponsored the completion of one Ph.D. and one Masters program and is currently sponsoring one additional Ph.D. and one Masters program. All degrees are in agricultural economics. In relation to the

training activity, Fundación IDEA is taking steps to retain its trainees so as to form a core of in-house qualified professional staff. Fundación IDEA has begun to develop institutional linkages with local universities, through small grants to finance thesis research for students interested in agricultural economics, as well as with US universities, and with international research institutions such as IFPRI. Along with these activities, IDEA is in the process of updating and expanding its library through the acquisition of agricultural economics books and subscriptions to professional journals. All of the above mentioned activities have been supported with a small stock of office equipment and facilities.

Fundación IDEA is developing as an institution whose capabilities in the field of agricultural and natural resource policy are becoming increasingly recognized. It has been cooperating closely with the main agricultural policy makers in the Ministry of Agriculture, especially in issues related to agricultural products marketing and pricing, and agricultural credit policies.

Fundación IDEA is planning to continue developing its activities, consolidating its achievements and strengthening those activities that will lead IDEA to the accomplishment of the project goals and objectives in a cost-effective way.

1. Project Goal:

The goal of this Project is to contribute to the improvement of resource allocation efficiency and the performance of the Ecuadorian agricultural sector through improved economic and agricultural sector policies oriented towards open and competitive markets.

Applied policy research over the last decade, both worldwide and in Ecuador, has demonstrated that sectoral as well as macroeconomic policies have a major impact on resource use efficiency, sector investment and growth, and rural incomes. Given the complex set of policy interventions utilized by the government to achieve multiple objectives, it is, however, not at all clear how the net effect of policy intervention affects output level, factor use, income and employment, and sector growth. The lack of understanding of these relationships in the specific Ecuadorian context inhibits the development of a set of consistent, coherent, and stable policies.

2. Project Purpose:

The specific purposes of the Project are:

(a) To contribute to public and private understanding of policy issues through the investigation and analysis of the impact of sectoral and macroeconomic policies on agricultural output, resource use, income and employment, and sector growth.

(b) To identify and propose specific policy reform initiatives designed to improve resource use efficiency and sector performance based on policy analysis and research in the areas of agricultural policy and natural resource policy.

(c) To present policy alternatives and facilitate the development of a consensus among the entities involved in policy decision-making for the adoption of policy reforms.

(d) To promote an informed dialogue among the diverse elements of the agricultural sector, both public and private, to discuss, promote, and evaluate the impact of policy reforms and their effects among different sectors and population groups.

(e) To promote, monitor and evaluate the implementation of viable policy reforms in terms of improved sector performance and the management of natural resources.

These purposes of the Project represent a strategy for the development and execution of improved policies. The Project will enhance the understanding of public and private policy participants concerning the relationships among policy measures and their impact on sector performance variables such as output, resource use, income and employment, and sector growth. The enhancement of general understanding provides the basis, and stimulates demand, for the development of specific policy reform initiatives and their adoption by policy makers in both the public and private sectors.

3. Project Objectives:

The objectives of the Project are:

(a) To strengthen the institutionalization of the Instituto de Estrategias Agropecuarias (IDEA) as a specialized, scientific, professional policy research institute capable of achieving Project purposes and goals through the development, execution, and dissemination of high quality, relevant, and useful applied policy research.

IDEA will facilitate dialogue and consensus to promote the implementation of policy reforms based on policy analysis and research in order to effectively promote an improved standard of living of the poor.

(b) To establish an institutional home and appropriate facilities for the conduct of applied policy research.

(c) To develop a core of applied policy analysts and researchers in the critical problem areas confronting the Ecuadorian agricultural sector, intersectoral relationships, marketing, credit, and natural resources.

(d) To establish national and international institutional, financial, and technical support linkages required to sponsor, assist, and evaluate the applied policy research program and projects.

(e) To establish productive relationships with key public and private sector institutions involved in the formulation, debate, and execution of macroeconomic and agricultural sector policies.

These are the objectives that must be realized if the purposes are to be achieved. Objective "(a)" is basically what IDEA will do, i.e. applied policy research. In doing so, it will create, through scholarships, short courses, studies, etc., a core of applied policy researchers. To facilitate the development of this core staff and their research, an appropriate home and support base are required. To ensure sustained professional quality and relevance, technical-institutional-financial linkages are required. To contribute to the ongoing process of policy formulation, debate, and implementation, productive relationships with the key participants are required. The monitoring and evaluation of the implementation of policy reforms will be primarily the responsibility of the General Assembly, the Board of Directors, and the Executive Director.

4. Project Activities:

To achieve the purposes and objectives of the Project, IDEA will undertake the following activities:

a. Activities in support of objective "(a)":

To strengthen IDEA as a specialized, professional agricultural policy research institute, IDEA will:

(1) Incorporate into the General Assembly of Fundación IDEA a representative sample of leaders from the diverse sub-sectors of the agricultural sector, including small farmers and peasants' organizations such as FETANE.

(2) Reinforce the Board of Directors, selecting members of the highest level and renowned leaders of the agricultural sector. The General Assembly will propose names and select members for the Board of Directors from among the proposed names.

(3) IDEA will be managed by a full-time Executive Director with the capacity to direct, orient, and execute the proposed program. To ensure that the Executive Director will have this capacity, the individual will have to fulfill the recommended qualifications/minimum requirements described in Appendix 2A of the IDEA grant proposal. The Executive Director will be the legal representative of the Fundación IDEA.

(4) Establish group(s) of high level national and/or international advisors to serve as "sounding boards" (Consultative Committees) for improved orientation and implementation of the policy reform agenda. The members of these groups will not be part of IDEA's staff, but they will be linked to the core of professionals through the Executive Director and/or direct representative of the Board of Directors (Consultative Committees Coordinator).

These Consultative Committees on specific areas/themes will meet as necessary to evaluate the work in progress in the Ecuadorian context and consider the feasibility of the proposed policy reforms. The Consultative Committees will be of the highest professional level and will constitute the basis for a

consultative think tank. The Consultative Committees will also contribute ideas for research and investigation.

(5) Establish a Technical Directorate with three highly qualified national agricultural economists/economists, preferably with Ph.D. degrees in these areas. Each of these professionals will lead one of three policy research programs created as the organizing focus for all activities funded under this Project. These policy research programs will be:

Agriculture in the Macroeconomy, focussing on the impact of monetary, fiscal, trade, and commercial policies on the structure of relative incentives between agriculture and other sectors in the economy, on consumption, and in demand.

Factor and Product Marketing Systems, focussing on policies and programs designed to improve the conduct, structure, and performance of the marketing system in the context of both the domestic and international market.

Natural Resource Policy, focussing on the impact of policies on land and water use and the sustainability of the natural resource base, as well as on ecosystems conservation and development.

The selection and appointment of these technically qualified Program Leaders for each of the three policy research programs will follow the guidelines of Appendix 2B of the IDEA Grant Proposal.

(6) Organize and staff an Administrative Department with responsibilities in the areas of public relations with the public and private sectors, organization and maintenance of a library, as well as in the areas of secretarial, accounting, computational, and general services support.

(7) For each of the three policy research programs, establish a two year research agenda that specifies individual research projects, the resource inputs required for their execution, and the strategy and plan for their dissemination and utilization. An important element of this plan is the specification of how the combination of scholarships and research grants will be used to implant the research agenda.

(8) Execute the research agenda in a timely manner and disseminate the results to enhance the public and private understanding of the issues and relationships and pursue policy reform initiatives.

(9) To contribute to the financial stability and sustainability of IDEA, develop a complete proposal for the strengthening of the endowment fund and, with a greater effort, a program and strategies document for raising funds from national as well as foreign institutions such as the Ford, Kellogg and, Rockefeller Foundations and Winrock International, and through cooperative linkages with related institutions such as IFPRI.

(10) Develop an explicit salary policy and contracting procedures sufficient to recruit and retain core professional staff. This policy will have to be implemented through an active and professionally managed fund raising strategy.

(11) Develop mechanisms and procedures to systematically monitor and evaluate the implementation of policy reforms, comparing the actual effects with those expected.

b. Activities in support of Objective "(b)":

To support the establishment of an institutional home and facilities for applied policy research, IDEA will:

(1) Secure office facilities adequate for IDEA management and administration, the Technical Directorate for Policy Research, data processing and computational facilities, and technical support, including technical assistance, library, and conference facilities.

(2) Establish an Agricultural Economics Library, concentrating on agricultural policy, agricultural marketing, and natural resource policy. The library will include subscriptions to at least ten professional journals as well as related publications by universities and international organizations. Statistical information on the Ecuadorian economy will also be maintained.

(3) Secure data processing and computational facilities as well as communications and transportation facilities adequate to support the research program.

c. Activities in support of Objective "(c)":

To support the creation of a core of applied policy researchers, IDEA will:

(1) With the assistance of AID and the Project Technical Assistance contractor, establish a relationship with a set of U.S. universities to facilitate the development, management, and technical direction and monitoring of the external scholarship program. The external scholarships will be focused on the three policy research programs and contribute directly to the research agenda. The scholarship program will provide for three M.S. (1 in each program area) degrees.

(2) In line with the research agenda, design a scholarship program that describes selection criteria and processes, establishes a selection committee, and describes the plan and procedures for advertising and application.

(3) Execute the external scholarships in a timely manner in accord with approved AID procedures.

(4) In line with the research agenda, design a program of thesis development support for qualified economics students that describes selection criteria and processes, establishes a selection committee, and describes the plans and procedures for its implementation.

d. Activities to support Objective "(d)":

To support the establishment of institutional and technical linkages for the policy research program and projects, IDEA will:

(1) Receive a total of 4 person-months of short-term technical assistance in two of the three research program areas and research agenda preparation. The long-term natural resources advisor will provide technical assistance in this program area. These persons will collaborate with IDEA's program leaders on a stable and continuing basis.

(2) Establish a Program Review Committee (PRC) to review and evaluate and make recommendations on the annual program research plans and to periodically review progress and results of the research program. The PRC will report directly to the IDEA Board of Directors. The PRC will be made up of members of the Consultative Committees and will include two expatriate Senior Agricultural Economists plus two policy makers of renown in the areas of agricultural and natural resource policy.

(3) Establish an internal Training Program for the participation of core staff in external, technical, policy related forums, symposia, and training events.

(4) Develop, propose, and receive financing for at least one project in the research programs from a national or multinational technical assistance or lending institution (such as IBRD, IFPRI, IICA, CIAT, etc.) or international foundation (Kellogg, Ford, etc.).

e. Activities in support of Objective "(e)":

To support the achievement of productive relationships with key public and private sector institutions involved in policy formulation, debate, and implementation, IDEA will:

(1) Organize fora, round tables, and symposia to discuss the results of research conducted, to analyze problems and issues concerning sector policies, and discuss alternatives for improving the performance of the sector. These events will focus on the institutions and professionals involved in the process of policy research, formulation, debate, and implementation.

(2) Maintain a continuous policy dialogue to promote the adoption of appropriate policy reforms to improve the performance of the Ecuadorian agricultural sector.

(3) Facilitate the constitution and/or strengthening of representative agricultural associations in their technical understanding of policy issues in support of policy reforms.

(4) Establish a collaborative relationship and appropriate division of labor with the Policy Analysis Unit of the Ministry of Agriculture and maintain a continuing dialogue with the Technical Director of the PAU and other appropriate policy levels of the Ministry of Agriculture.

(5) Establish a collaborative relationship with the Economic Studies division of the Central Bank to jointly develop a research program, particularly in the areas related to macroeconomic impacts on agriculture.

(6) Establish a Training and Seminar Support Program to enable the participation of key public and private policy leaders in domestic and external technical, policy related fora, symposia, and training events, including presentation of research and analysis conducted by Fundación IDEA. The participation of international experts will be sought.

(7) Establish and institutionalize an annual high level forum on the Agricultural Sector. The basis theme of the forum will be the "Status, Perspectives, and Constraints" of the sector, though the program each year will have a more directed specific theme. The purpose of the forum is to bring together policy analysts and policy executors to discuss and analyze the significant problems affecting the sector and the policies to improve sector performance.

5. Project Implementation

a. The implementation of the activities in support of Objective "(a)", the establishment of IDEA as a specialized, professional agricultural policy research institute, are related to technical direction, staffing, program development, and financial sustainability. To implement these activities, IDEA will do the following:

(1) Prior to any disbursements under this agreement, IDEA will submit to AID the terms of reference and qualification requirements, approved by the Board of Directors, for all core professional staff, along with an explicit salary policy and contracting procedures for the recruitment and retention of the core professional staff. This action shall be completed prior to AID disbursement of funds for this purpose, and will follow the guidelines presented as Appendix 2A and 2B of the IDEA proposal unless AID and Fundación IDEA agree otherwise in writing.

(2) The core professional staff refers specifically to the Executive Director, the Administrative/Financial Director, and Technical Directorate, as shown in the organizational chart (Figure 1). The candidates search will include appropriate advertising, open solicitation, and clear documentation of process. The completion date for the contracting of the members of the Technical Directorate is 60 days from the signing of this agreement, unless AID and Fundación IDEA agree otherwise in writing.

(3) The Technical Directorate will submit to the Board of Directors and Executive Director the terms of reference and qualifications requirements for the needed positions within the technical department, and

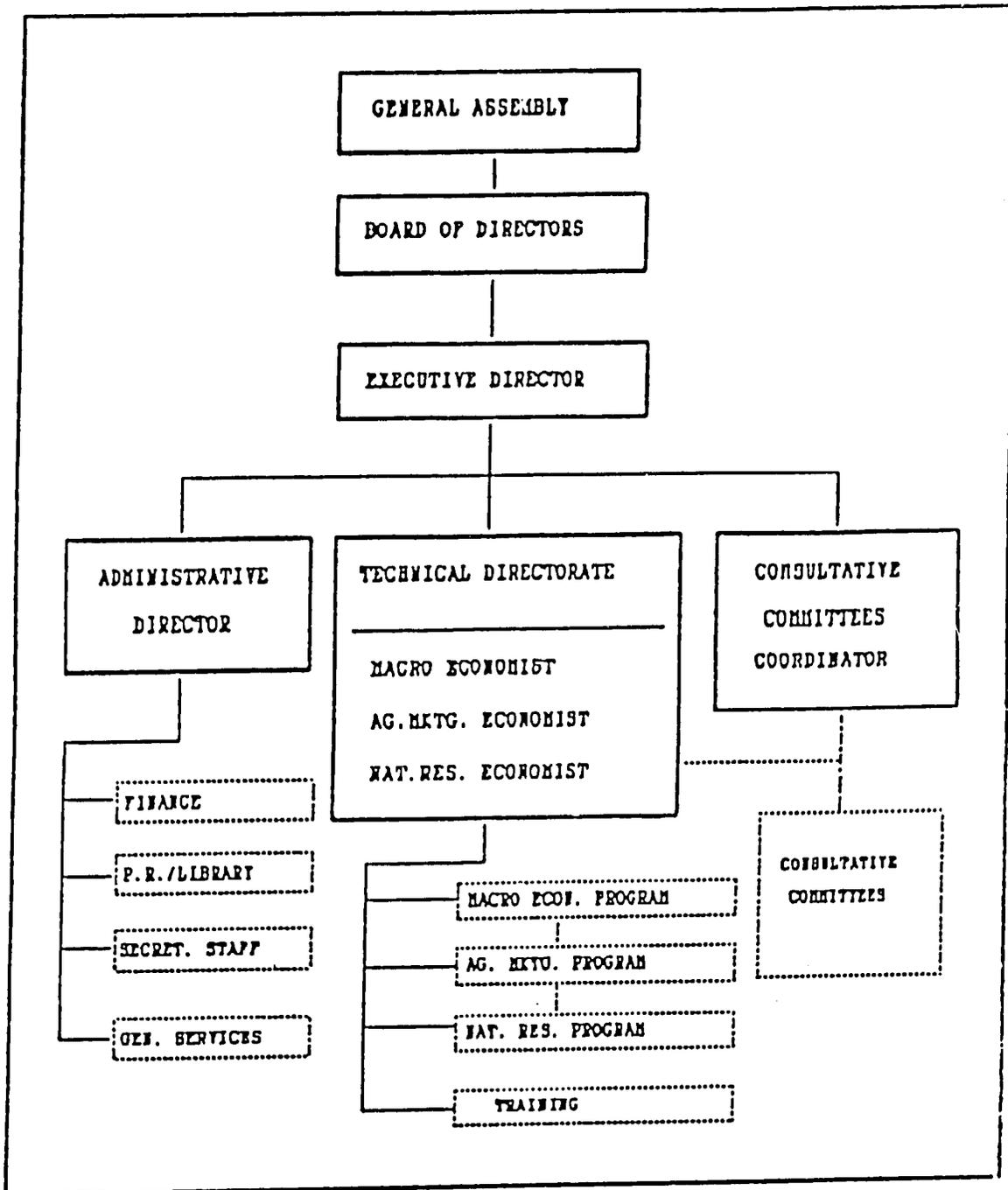


Figure 1 IDEA's Organizational Chart.

will help to prepare the terms of reference for the positions in the other two areas, i.e. Administrative and Consultative Committees Coordination.

(4) The Technical Directorate will submit to the Board of Directors and the Executive Director an annual policy research agenda specifying individual research projects, the inputs required for their execution, and a strategy and plan for the dissemination and utilization of the results. Short-term technical assistance will be made available to assist in the development of the research program. The completion date for the development of the first research program and agenda which encompasses activities up to July 31, 1990 is 60 days from the signing of this agreement. An annual research agenda will be submitted by the first day of August, every year of the project beginning August 1991.

(5) IDEA will submit to AID a proposal for strengthening its endowment fund and a plan and strategies for raising funds from sources other than AID. The endowment proposal will include a program description and complete financial plan and analysis of the endowment. The completion date for the submission of the endowment proposal to AID is 90 days from the signing of this agreement unless AID and Fundación IDEA agree otherwise in writing. The plan and strategies for fund raising will include drafts of the specific research proposals that will accompany the solicitations of financial support. The completion date for the submission of this plan is 120 days from the signing of this agreement.

b. The implementation of the activities in support of Objective "(b)", the establishment of an institutional home with appropriate facilities for applied policy research, requires adequate office, library, and data processing facilities.

(1) IDEA will conduct a market survey and analysis of the costs and benefits of rental versus purchase of comparable facilities and submit the analysis and recommendation to the Board of Directors and AID for consideration if purchase is most advantageous. The completion date for submission of this study to the Board of Directors is 120 days from the signing of this agreement unless AID and Fundación IDEA otherwise agree in writing.

(2) IDEA will secure office facilities adequate for IDEA administration and management, the Technical Directorate, data processing and computational facilities, technical support, technical assistance, and library facilities. The completion date for acquisition of adequate facilities is 60 days from completion of the market study/analysis cited above, unless AID and Fundación IDEA otherwise agree in writing.

(3) A librarian will be contracted, at least part-time to organize the existing library and to assist the core professional staff in the development of IDEA's Library. The librarian position may be filled by the same person hired as a Public Relations professional.

(4) The Technical Directorate will submit to the Executive Director a plan for the development and acquisition of appropriate data processing and computational facilities. The completion date for acquisition

of the required equipment is 120 days from the signing of this agreement unless AID and Fundación IDEA otherwise agree in writing.

c. The activities required to implement Objective "(c)", the creation of a core of applied policy researchers, involves the development of collaborative relationships with domestic and external academic centers for training of professionals in agricultural policy research through the execution of an external scholarship program.

(1) The Technical Directorate and the Executive Director of IDEA will design and submit to the Board of Directors an external scholarship program that identifies the objectives of the program, inputs and costs, timing, and selection procedures and criteria. The relationship of the scholarship program to the research program is an essential element of the design of the program, as is a description of the collaborative relationships that will be established with a selected set of US universities to facilitate the development, management, technical direction, and monitoring of the scholarship program. The scholarship program will provide for three M.S. degrees. The completion date for approval by the Board of Directors of the external scholarship program is 120 days from the signing of this agreement unless AID and Fundación IDEA otherwise agree in writing.

(2) IDEA will sign a collaborative agreement with a lead university of the selected set of universities for the implementation of the program. The purpose of such an arrangement is to develop a long-term relationship with a set of US universities in policy research and to develop among the scholarship recipients a sense of forming a team of policy research analysts. The completion date for signing a collaborative agreement with the US university is 60 days from the signing of this agreement unless AID and Fundación IDEA otherwise agree in writing.

(3) IDEA will sign collaborative agreements with one national university, such as the Catholic University, for the implementation of a thesis development support program for selected students for the completion of their degree requirements. The completion date for the signing of the collaborative agreements is 120 days from the signing of this agreement unless AID and Fundación IDEA otherwise agree in writing.

d. The activities required to implement Objective "(d)", the establishment of technical and institutional relationships to support the policy research program and agenda, involve technical assistance, external program reviews, and core staff development.

(1) Through an appropriate institutional relationship, AID will contract the provision of long- and short-term technical assistance. Short-term technical assistance of up to 2 person months per year in two program areas and in research agenda preparation will be provided under the contract. A long-term Senior Policy Advisor will be provided to work half-time at IDEA, principally on macroeconomic and marketing studies. A Joint Career Corps Natural Resources Economist also will be housed at IDEA and contribute to the Natural Resources Policy Research Program.

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(2) IDEA will establish a Program Review Committee composed of representatives of the Consultative Committees, senior professionals, and policy researchers and policy makers, of which two members will be expatriates. The number of individuals in this PRC will not exceed 10. They will serve as individuals, not as representatives of an institution. They will evaluate and make recommendations on the research program and its progress and results. They will meet periodically, approximately every twelve months, for a thorough review of the research program. The completion date for the first meeting of the PRC is one year from the signing of this agreement unless AID and Fundación IDEA otherwise agree in writing.

(3) IDEA will develop for submission to the Board of Directors an internal Training Plan for the professional enhancement of staff through participation in external, technical, policy related fora, symposia, and training events. The completion date for approval by the Board of Directors is 120 days from the signing of this agreement unless AID and Fundación IDEA otherwise agree in writing.

(4) In at least one of the program areas, IDEA will develop and propose a research project for financing to a multinational technical assistance, lending, institution or foundation. The completion date for submission of a proposal is 120 days from the signing of this agreement unless AID and Fundación IDEA otherwise agree in writing.

e. The implementation of the activities in support of Objective "(e)", the development of productive relationships with key public and private institutions involved in policy formulation, debate, and execution, requires continuing policy dialogue, relevance of activities, and collaborative relationships.

(1) To maintain relevance and participation in policy dialogue and as an integral part of the execution, dissemination, and promotion of policy research analysis, IDEA will organize fora, round tables, and symposia on key sectoral issues under study. Participation in these events will focus on the institutions and organizations involved in the process of policy formulation, debate, and execution. The completion date for the approval by the Board of Directors for the plan for dissemination and promotion is 180 days from the signing of this agreement unless AID and Fundación IDEA otherwise agree in writing.

(2) To maintain an active and productive dialogue with the Ministry of Agriculture, the Technical Directorate of IDEA will, with the consent of the Ministry of Agriculture, cooperate with the Policy Analysis Unit in designing policy reforms.

(3) To maintain an active and productive dialogue at the macroeconomic policy level, IDEA will establish a collaborative relationship with the Central Bank Economic Studies unit to jointly develop a research linkage program on agriculture in the macroeconomy. The completion date for the signing of an appropriate collaborative agreement is 120 days from the signing of this agreement unless AID and Fundación IDEA otherwise agree in writing.

(4) To maintain an active and productive dialogue with private sector, the Consultative Committees Coordinator, in collaboration with the Technical Directorate, will promote the establishment of Consultative Committees in areas where consensus on policy reforms needs to be developed.

(5) To Establish and institutionalize an annual, high level forum on agricultural policy issues, IDEA will plan, promote, and execute the first such forum within 18 months of signing this agreement.

6. Evaluation

A major evaluation will be conducted during the final year of the project. The final evaluation will be a summative and impact evaluation to take place just prior to the end of the Project. This evaluation will determine the impacts of the Project and will measure the achievement of the purpose and outputs. Key issues will be the degree to which policy analysis in the public and private sectors have contributed to policy formulation, institutionalization of the policy and information systems, and the effectiveness of the formal and on-the-job training in improving the capability of the private sector staff and the quality of their work. The evaluation will identify any factors which inhibited or enhanced success and will make recommendations to further improve the system.

7. Relationship to IDEA's Proposal

IDEA's final program proposal represents an amplification of the program description contained herein and, therefore, should be referenced as such in the Cooperative Agreement.

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