PD-ABF-472

USAID/ECUADOR

FYs 94-95

ACTION PLAN
(AP)

PROGRESS TOWARDS STRATEGIC OBJECTIVES

COUNTRY PERFORMANCE

- *Growth in GDP 3.5%*
- *Growth in per capita GDP 1.3%*
- *Inflation down by 20%*
- *Fiscal deficit down by 5% of GDP*
- *Freeing of interest rates*
- *Elimination of subsidies on gasoline, electricity, gas*

PROGRAM PERFORMANCE

- *Establishment of Council for Modernization of the State (CONAM)*
- *Non-traditional exports up by 28%*
- *Elimination of trade restrictions*
- *Signing of Free Trade Agreements with Colombia and Venezuela*
- *Reform of Constitution providing independence to judiciary*
- *Laws passed:*
  - *Foreign investment*
  - *Facilitation of exports*
  - *Autonomy for National Agricultural Research Institute*
  - *Monetary reform*
  - *Labor reform*
  - *Financial institutions reform*
  - *Budget reform*

- *Laws introduced:*
  - *Modernization of state/privatization*
  - *Capital markets*
  - *Customs reform*
  - *Agrarian law*
  - *Savings mobilization law*
  - *Reform of companies law*

- *Social sector reform*
  - *Social Security (IESS) reform planned*
  - *National Population Commission established*
  - *Social Emergency Fund (FSE) established*
  - *Decentralization of public health Ministry decreed*
  - *Fee structure for public health services introduced*

- *Pollution guidelines for oil exploration adopted*

ACTION PLAN

Page No.

Section I. Introduction 1

Section II. Status of Strategic Objectives

A. Strategic Objective 1 5

1. Refinements or Changes in Strategic Objective and/or Program Outputs
2. Strategic Objective Performance
3. Monitoring and Evaluation Status and Plans

B. Strategic Objective 2 9

1. Refinements or Changes in Strategic Objective and/or Program Outputs
2. Strategic Objective Performance
3. Monitoring and Evaluation Status and Plans

C. Strategic Objective 3 13

1. Refinements or Changes in Strategic Objective and/or Program Outputs
2. Strategic Objective Performance
3. Monitoring and Evaluation Status and Plans

D. Strategic Objective 4 17

1. Refinements or Changes in Strategic Objective and/or Program Outputs
2. Strategic Objective Performance
3. Monitoring and Evaluation Status and Plans

E. Strategic Objective 5 21

1. Refinements or Changes in Strategic Objective and/or Program Outputs
2. Strategic Objective Performance
3. Monitoring and Evaluation Status and Plans

F. Policy Dialogue Agenda 24

1. Refinements or Changes in Policy Dialogue Agenda
2. Policy Dialogue Agenda Performance
3. Monitoring and Evaluation Status and Plans
4. Policy Reform Matrices

Table 1

1. SO 1 34
2. SO 2 44
3. SO 3 79
4. SO 4 90
5. SO 5 98

Table 2

1. SO 1 108
2. SO 2 109
3. SO 3 110
4. SO 4 111
5. SO 5 112

Section III. Portfolio Analysis 113

A. New Initiatives

1. FY 93 and 94 Program Extension (518-0116 Economic Stabilization and Recovery Program III) 114

2. FY 95 New Project (518-0117 Training for Development) 118

B. Table 3 - Status of Portfolio 122

C. Central and Regional Projects 124

IV. Environment 125

A. Major environmental challenges

B. Progress made during the past year

C. Recommended follow-up

V. Resource Requirements 127

A. Operating Expense Resource Requirements

B. Table 4 - Summary Program Funding 129

VI. Mission Initiated Issues 131

Section I

Introduction

I. INTRODUCTION

Last year we wrote in USAID/Ecuador's Program Objectives Document (POD) that Ecuador was "at a crossroads". We noted our optimism about the outlook for the future of the country, with the "gradualist" policy reform approach of the Borja government coming to an end and the front runners among the candidates for president in the 1992 national elections openly committed to swift economic and social change. In fact our efforts to engage the candidates and other national leaders in a dialogue to develop a consensus for change were strikingly successful.

The elections, with assistance from USAID through an electoral reform project with CAPEL, were regarded as fair and democratic. The winner, new President Arq. Sixto Durán Ballén took office with the objectives of opening the economy, reducing inflation, and "modernizing" the state through sweeping reforms.

Throughout the pre-election period and immediately following the election, USAID established a fruitful dialogue at various levels of government and in the private sector to stress the need for a new consensus. The Policy Dialogue Support Project with INCAE was particularly important in providing a forum for national debate on economic liberalization measures. The agenda from this Conference held in April 1992 was largely adopted as the new administration's economic agenda announced shortly after the government took office. Tough economic stabilization measures were announced in early September. In his inaugural speech August 10, the President also stated the need for essential structural reform of the judiciary, directly reflecting the results of USAID-established groups of eminent jurists and lawyers who had developed a reform agenda based on the USAID-financed justice sector assessment. This led to constitutional changes passed by the Congress in January 1993.

In the opening days of the Durán-Ballén government USAID sponsored a series of informal sessions with the newly appointed cabinet. These helped to underline USAID's interest in supporting much needed reform, to indicate the level of our resources and our own program priorities. Our Strategic Objectives were described and these discussions were key to clarifying areas of mutual interest and focussing realistically on common areas of activity for the future.

Throughout the past year our credibility with the new government and our influence have proven substantial. Our funding resources are obviously very limited compared to other donor organizations in Ecuador, yet this government has looked to us as the lead donor for its technical and financial assistance in a wide range of areas. We in turn have relied upon our Strategic Objective framework to guide program decisions and to keep our discussions with the GOE and other counterparts focussed on Mission priorities.

With the submission of this Action Plan, this Mission's "Ecuador Experiment" in strategic planning and results-oriented management which was described in detail in last year's POD, is now two years old. In brief, this process has involved (1) identifying and refining our objectives in five key areas of development in Ecuador; (2) focussing resources on the policy dialogue and project activities most critical to the achievement of those objectives; (3) reducing and eliminating other lower priority program activities; (4) designing systems to measure progress in the selected program areas; and (5) managing these systems in teams comprised of Mission staff and counterparts. We recently completed Monitoring and Evaluation (M&E) Plans for each of the Mission's five Strategic Objectives and an Implementation Plan for our Policy Reform Matrix. The M&E Plans for the Strategic Objectives, combined with project-level M&E Plans, form the basis of the Mission's overall Program Performance Assessment System (PPAS) which is now fully installed. With the quantitative data and evaluation information provided by the PPAS the mission has the basis for a management system that emphasizes development impact.

Have the results justified the considerable investment in staff and program resources to establish this system? Did what we set out to achieve with great dedication and commitment of time and energy live up to ours and the Agency's expectations? We believe the answer is yes. On the opening page of this Action Plan we have highlighted the most important results which relate directly to the Mission's program activities during the two years of the Ecuador Experiment. The Mission is now better able to identify and quantify the results of our development efforts than in the past. The portfolio has been consolidated. Further, we have found that project design and day-to-day implementation decisions and choices are now guided by the "compass" that each Strategic Objective statement provides to managers at the project level. For example, under SO2 we are attempting to "raise agricultural incomes with an emphasis on small and medium farms". In the new agriculture project currently being designed, the research component will be organized around the multiple cropping patterns used by small farmers in order to maximize income instead of by selected individual commodities as before. The policy component likewise will focus on policy analysis which sheds light specifically on <u>farmer incomes</u> in contrast to the more macroeconomic production oriented approach taken in the previous project. Also, a decision to devote DA and PL-480 resources to carrying out a National Rural Household Survey was the result of the SO2 Team's conclusion that only such a survey could produce detailed data at the rural household level needed to assess whether our (and the GOE's) policy and technology positively impact on farmers' incomes. This survey will act as a test of the assumptions inherent in the technology development and policy analysis activities undertaken under this SO.

In the trade and investment portfolio the stated objective is to

increase non-traditional exports and employment. The new Trade and Investment project provided important technical assistance which resulted in the adoption of promising steps in privatization and capital markets development. The National Council for Modernization of the State was established; the GOE produced a privatization strategy and laws for both privatization and capital markets development are being presented to the Ecuadorian congress. In short, USAID has played a very important catalytic role in an historical structural reform activity. However, there is a limit to the number of trade and investment activities we can pursue and the SO process has helped us to both make some critical choices about our program and permitted us to set the stage for other donor involvements. We must focus on those activities which most directly contribute to our SO, while spinning off other activities, important to improve the trade and investment climate, to other donors.

In the area of strengthening democratic institutions, the SO4 Team supported activities to improve the electoral system during the period of national elections in the spring and summer of 1992. However, despite positive results in several indicators (the project achieved an increase in correctly marked ballots, and increased public confidence in the Supreme Electoral Tribunal. The SO4 Team concluded that electoral reform would have to be dropped from the objective "tree". Limited resources for other activities falling under SO4, specifically in the Administration of Justice area, and a negative assessment of the political context for further electoral reform in parts of the country, led the team to decide against further effort in this area. This decision was made however, with the benefit of a good information base on results to date, which helped clarify the trade-offs involved in redirecting scarce Mission resources to areas with a more demonstrable impact linked to our refined SO.

The Mission's Policy Reform Matrix which is developed and implemented by a team of SO Team Leaders, guides the process of policy dialogue and provides a common frame of reference for all Mission policy reform activities. The Matrix, and the Implementation Plans associated with it, have resulted in greatly improved coordination among all units of the Mission involved in various aspects of policy dialogue. For example, the new GOE's efforts in privatization will be central to successful achievement of several Mission SOs. A privatization subteam of the Policy Reform Team was created to coordinate all our technical assistance and other activities supporting privatization under the Trade and Investment Project, the Agricultural Sector Reorientation Project, the Economic Stabilization Fund Program, the Policy Dialogue Support Project and the National Shelter Delivery System Program. This team approach has broken down the compartmentalization by offices so prevalent in USAID Missions and has led to a much better integrated program.

Finally, a primary objective of the Ecuador Experiment has been to consolidate and focus the program, especially in light of declining budgetary resources. While the number of Strategic Objectives has remained at five since the beginning of the strategic planning exercise, the number of individual project activities has steadily declined and continues to do so over the next several years. By FY 94 the number of "Targets of Opportunity" will have been reduced to only PD and S and the Special Development Activities (SDAA) Project. All other project activities will be directly related to SOs. Only one new start is planned in FYs 94 and FY 95. Beginning with FY 91, the first year of the Ecuador Experiment, and running through FY 97 -- the period of this Action Plan -- the number of projects in our portfolio will have been consolidated from 28 to 7.

The cross cutting issue of sustainability will continue to command our attention as we see our counterpart institutions begin to address their own futures in terms of financial management, and as beneficial new laws and policies promulgated by new GOE leaders are passed and enter the politically treacherous waters of implementation. We are actively addressing important sustainability questions with the GOE and private sector counterparts through dialogue, technical assistance and training. Much of the unfinished work of this Mission lies in handing over the tools for attaining sustainable development to our Ecuadorian partners, most of whom are private development organizations. FUNDAGRO and IDEA in the agricultural sector, Fundación Ecuador, FEDEXPOR and PROEXANT in trade and investment, APROFE and CEMOPLAF in family planning are but a few examples of the institutional development and sustainability targets of USAID development efforts in Ecuador.

This year USAID/Ecuador celebrated the 50th Anniversary of our assistance to Ecuador. The ceremony we jointly hosted with the GOE to mark this important milestone in US-Ecuador relations was attended by scholarship recipients dating back to 1942, many of whom are now leaders in the Ecuadorian public and private sector, as well as members of the numerous organizations established by USAID over fifty years, which now play a significant role in the development of the country. This is a legacy of which we can all be proud.

Our vision of future AID cooperation with Ecuador involves further strengthening of the institutions, both public and private, which support broad-based economic growth and democracy. The Mission's strategic framework and enhanced management approach will continue to guide our efforts and provide for a highly focused, results-oriented program.

Section II

Status of Strategic Objectives

II. STATUS OF STRATEGIC OBJECTIVES

A. Strategic Objective No. 1: **Increased Trade and Employment in Non-Traditional Exports**

1. Refinements or Changes in Strategic Objective and/or Program Outputs

Strategic Objective No. 1 has not changed since last year's Action Plan, with one exception. In last year's Action Plan, SO1 included a tentative program output related to tourism development: Increase in foreign exchange earnings from tourism. Supporting that output were the following program activities: International tourism campaign, publications and training, nature-oriented tourism, coordination of entities involved in tourism increased, and problems discouraging tourism addressed. However, due to reductions in the OYB, USAID has decided to reduce the proposed amendment to the T&I Project budget from $10 million to $5 million. Consequently, the tourism development component of the T&I Project will be eliminated. Therefore, there are three program outputs remaining under SO1: Greater product diversification in non-traditional (NT) exports; increased investment in NT export industries and improvement in the trade and investment climate.

Other refinements in SO1 relate to success over the past year in achieving the third program output, i.e. improvement in the trade and investment climate. The activities under this output consist of trade and investment reforms that USAID expects to achieve through the SO1 projects, and due to the fact that some of the trade policy reforms listed in last year's Action Plan have now taken place (see Policy Reform Matrix), the activities will be modified to include new potential reforms.

2. Strategic Objective Performance

Program performance indicators continued to show significant gains in the value of nontraditional exports (NTE's) which increased by $57 million from $339.9 million in 1991 to $397.3 million in 1992. Nontraditional agricultural exports (NTAE's) and nontraditional industrial exports (NTIE's) each account for approximately one-half of the total increase in NTE's. Increases in nontraditional agricultural exports were especially impressive in those areas most directly assisted by the Nontraditional Agricultural Export (NTAE) Project. Specifically, exports of fresh flowers increased by approximately $4.3 million (from $19.3 million to $23.5 million) while other fresh fruits and vegetables increased by $18.6 million (from $19.2 million to $37.8 million). At the same time, all traditional primary products, with the exception of petroleum, decreased in dollar value, and most nontraditional primary products not assisted by the NTAE Project(e.g. shrimp, cacao, hemp, wood and

tuna) also declined. It appears that there is a correlation between products promoted under the NTAE Project and increases in nontraditional agricultural exports, and we believe that this is due to the fact that the NTAE Project is now mature and is having a direct and significant impact on increasing exports.

In terms of nontraditional industrial exports (i.e., all industrial exports except petroleum derivatives and industrialized sugar and molasses) noteworthy increases were also made in the category which includes agro-industry as a major component. That category increased from $75.3 million in 1991 to $111.9 million in 1992, an increase of $36.6 million. This is attributable to the mature NTAE Project activities, now supplemented by activities undertaken by the Ecuador Federation of Exporters (FEDEXPOR) under the NTIE component of the Trade and Investment Project (518-0094), which also targets agro-industry. However, as discussed below, the NTIE component has only been underway for a little over a year. It is premature to measure direct impact on currently targeted sub-sectors such as ceramics, metalworks and wood manufacture.

The increases in NTE's are reflected in Program Output No. 1.1: greater product diversification in non-traditional exports. The indicator for that output is non-traditional export products with annual FOB value over $500,000. The targets for 1992 and 1995 are 85 and 110, respectively. However, for 1992 the actual figure was 114 firms, exceeding the target.

Considerable progress was made in improving the trade and investment climate in Ecuador. The primary vehicle for improving the T&I climate is the Fundacion Ecuador (FE). Accordingly, one of the indicators for the "Improvement in the trade and investment climate" program output is "Fundación Ecuador established and serving as lead private sector organization in coordinating trade and investment promotion programs." FE has been established, is very active in the policy reform arena and is already coordinating export and investment programs with other institutions and the GOE. Some of the other trade and investment climate indicators have been fully or partially accomplished. The Ventanilla Unica or "one-stop window" to simplify the export license process is a success. The NTAE and T&I projects brought in technical assistance to help counterpart personnel draft, lobby, and implement the Export Facilitation Law for the Ventanilla Unica, which has cut down the time to provide export licenses from several weeks to several minutes. Based on recommendations and lobbying by the Fundación Ecuador, the GOE also passed a Foreign Investment decree to allow for foreign investment in previously prohibited sectors. The law did not eliminate differences in tax treatment, but USAID expects this to take place by the target date of 1995. Other policy accomplishments include the implementation of free trade agreements between Ecuador, Colombia and Venezuela, for which Fundación Ecuador and FEDEXPOR provided policy dialogue support.

Privatization and capital markets development are very important to improving Ecuador's worldwide image and attracting investment. Some of the firms targeted for privatization either export or provide important inputs to the export process. The successful resolution of the sale of the electric company, EMELEC will now permit Ecuador's participation in the Andean Trade Preference Act. Development of an effective and transparent stock exchange will result in the attraction of new investments and capital, both from abroad and within Ecuador.

The GOE is now considering two important draft laws on privatization and capital markets. Both are direct products of assistance provided under the Trade and Investment project. In both cases U.S. technical assistance was brought in to work with the private sector and public officials. In the case of the law on privatization, through the 1992 ESF program, USAID conditioned the dollar disbursement upon the establishment of a privatization office in the GOE. This was done and USAID is providing TA to that office as well as the Ministry of Agriculture, the National Development Bank and the National Finance Corporation. The latter three entities have now initiated a program involving a priority list of 20 parastatals to be privatized and appraisal work is underway. Technical assistance provided to the GOE privatization office (CONAM-the National Modernization Council) has resulted in its successful organization, the draft privatization law and a comprehensive strategy for privatization. CONAM is an important office which reports directly to the Presidency and which has a board of directors consisting of key GOE ministers and prominent leaders from the private sector. The CONAM strategy includes a plan to privatize major parastatals such as EMETEL, the national telephone company, although such privatizations may take several years to implement.

In conclusion, A.I.D.-supported activities are having an important and direct impact on increasing non-traditional exports in Ecuador and as the T&I project picks up momentum that impact will grow. Significant progress is being made in the SO1 indicator (increasing NTE), as well as the program outputs relating to increasing product diversification and improving the trade and investment climate. Progress in improving the policy environment will lead to increased investment, the second program output (P.O 1.2), which may become evident in the Central Bank/Ministry of Industry data in 1993 after A.I.D.-funded efforts in investment development through the Fundación Ecuador become more fully operational.

3. Monitoring and Evaluation Status and Plans

In 1992 USAID staff worked with an advisor to complete Monitoring and Evaluation plans for the NTAE and T&I projects, as well as the Strategic Objective as a whole. Those plans were specifically oriented toward gathering and analyzing data relating to the program outputs of the SO. Where necessary, surveys to be

conducted by counterpart institutions were designed. This is an important step, because of problems in gathering important data from GOE institutions.

In terms of data on the SO indicator on employment (i.e. increase NTE employment), information provided by the National Statistical Institute (INEC) is based on a very limited sample not including new companies, which are often clients of A.I.D.-supported technical assistance. In addition, data emitted by INEC is, for SO performance measurement purposes, out of date. The most recent employment data released by INEC is for the year ending 1991. Consequently, USAID counterpart entities (FEDEXPOR) will use their own survey instruments to measure the impact of their efforts on NTE employment, disaggregated by gender. The surveys will generate more valid and timely data than is currently available from INEC.

Another problem area in data collection relates to the data provided by the Central Bank and Ministry of Industries, Commerce and Fisheries on new foreign investment. As discussed in the 1993-94 Action Plan, new foreign investment is being used as a proxy for total investment. It is important to note that USAID-supported efforts in investment promotion are directed at total investment, but since data for total investment does not exist, USAID is looking at available data on foreign investment. However, that data is not provided on a timely basis, as only 1991 numbers are available. USAID is working with Central Bank and MICIP to obtain 1992 data, as only the most up-to-date data can show the impact on the T&I climate, described above. Once the Fundación Ecuador starts to implement investment promotion activities (in accordance with FAA Section 599), USAID will consider the design of a separate survey instrument to measure new total investment.

To conclude, in order to obtain more reliable data for monitoring progress in achieving SO1 and its program outputs, USAID-supported institutions will have to supplement data provided by the GOE with their own survey-generated data.

B. Strategic Objective No. 2: **Increased Agricultural Income, with Emphasis on Small and Medium Farms**

1. Refinements or Changes in Strategic Objective and Program Outputs

Since last year's Action Plan, the Mission has changed the Strategic Objective statement from "increased income on small and medium farms from selected commodities" to "increased agricultural income, with emphasis on small and medium farms". The new wording reflects the program emphasis on income rather than commodities, and the fact that most small and medium farm families rely on multiple commodities.

Two program performance indicators have been added from the upcoming National Rural Household Survey as direct measures of progress toward the SO. The first indicator is average net household income for small and medium farm households by region; the second, average net household income from agriculture by region. These indicators will give a more complete and accurate picture than the original indicators alone of the impact of USAID's agriculture program on farm households in Ecuador. The original indicators, measures of income from production of commodities, are retained as the basis for interpretation of the impact of agricultural production on rural income.

With respect to Program Output 1, "reduced distortions in priority markets", two indicators were dropped: (1) "growth rate of improved seed utilization" because reliable data are unavailable; (2) "number of legal land sales in Jujan and Salcedo" because it is tied to the defunct Land Titling Project and not a good indicator of current land policy activity.

Four indicators were added to reflect projected policy emphasis over the next three to five years, and to cover relevant priority markets: (1) "reduction in MAG's expenditures for selected enterprises"; (2) "investment in agriculture"; (3) "percent of agricultural GDP in the national budget for agricultural science and technology"; (4) "differential between market and Agricultural Development Bank interest rates for agricultural loans".

With respect to Program Output 2, the statement was slightly revised to "increased efficiency of production, processing and marketing of selected commodities". The addition of "marketing" reflects the importance of this activity to increased income and the expectation that the Mission's new agriculture project will include marketing activities.

A new indicator was added to each of the three priority commodity areas to reflect FUNDAGRO activities in improving farmers' options

for marketing commodities and therefore increasing income from production. The values for the indicator "farmgate price of the commodity" should increase as new markets are opened.

2. Strategic Objective Performance

Real income per ha. from production of all 15 agricultural commodities monitored under SO2 was higher in 1992 than in the baseline period (ave. 1988-90). Four crops grown mainly by small farmers -- cotton, cassava, soft corn, barley -- showed the largest increases. These were followed by banana, soybean, cacao and African palm, which are produced mainly by larger farmers. Cacao growers benefitted from internal marketing improvements and African palm growers from the freeing of government price controls on vegetable oil. Improving prices of products such as corn, soybean, sorghum and wheat have increased the attractiveness of producing substitutes such as potato, soft corn and barley, whose rising prices have helped to increase the real income of poor farmers. On the other hand, income per ha. of banana in 1992 fell dramatically over 1991 levels due to declines in world prices coupled with the rapid spread of the devastating disease, sigatoka negra, especially on smaller farms. Further, implementation of the EEC's announced protectionist banana policy will have serious consequences for Ecuador's banana industry in 1993 and beyond. This illustrates the importance of achieving SO1, which includes the diversification of the agricultural export base.

At the program output level, performance in reducing distortions in priority markets was mixed. While the planned tariff rates for imported fertilizer, agrochemicals and seed were achieved, there was no clear trend in 1992 toward the desired near zero nominal rates of protection (NPR's) for tradeable commodities. With recent and expected new policy reforms, however, the outlook for lower NPR's in 1993 is good.

Significant progress was made on the policy front during 1992. Policy analysis and dialogue led by Mission counterparts at the IDEA Foundation and the Ministry of Agriculture (MAG) were instrumental in the establishment of free agricultural trade among Ecuador, Colombia, Bolivia and Venezuela. This advance should benefit especially Ecuador, which has a comparative advantage in producing many agricultural goods. IDEA and the MAG also succeeded in getting legislation enacted to establish a "price band" mechanism for agricultural commodities. Intended as a step toward completely free trade with the rest of the world, the price bands will stabilize domestic prices for specific goods within a range based upon international prices. The price band system will shield both consumers and producers from sharp fluctuations in world prices, but will also force producers to become more competitive in foreign markets. A third policy accomplishment was the passage of the National Agricultural Research Institute (INIAP) autonomy law,

which should strengthen the Institute by substantially increasing its budget and by improving INIAP's internal management. IDEA and FUNDAGRO both played a decisive role in this achievement. Finally, efforts are continuing in several other policy areas, including replacement of Ecuador's obsolete Agrarian Reform Law with a new agrarian law, reform of the role of the parastatal National Storage and Marketing Company (ENAC) in grain storage and marketing, reversal of the EEC's protectionist banana policy, privatization of several state-owned enterprises, and entry of Ecuador into the GATT. The success of these and other efforts will depend in part on continued USAID support to IDEA, the MAG and FUNDAGRO under the new Agricultural Sector Development Project.

With respect to the second program output, increased efficiency of production, processing and marketing of selected commodities, the observed calf mortality rate increased slightly in 1992 and milk yields declined due to incorporation of a new community into the dairy program. The amount of cassava processed fell due to a second straight year of drought and a shortage of credit to purchase raw cassava.

3. Monitoring and Evaluation Status and Plans

A Monitoring and Evaluation Plan has been completed for Strategic Objective 2 defining the indicators, sources of information, timing, and responsibility for data gathering and analysis. Baseline data are reported for all indicators except the Program Performance Indicators taken from the Rural Household Survey. The survey will be carried out in autumn 1993 and baseline indicators will be reported in the next Action Plan.

Baseline indicators for Program Output 2.2 have been revised. Extreme regional variations among small and medium farmers by commodity make aggregate or average measures meaningless. FUNDAGRO, the institution responsible for collecting these data, is in the process of designing and implementing a uniform monitoring and evaluation system across activities and regions. The data reported in next year's Action Plan, therefore, will be more consistent and reliable than those presented here. In addition, because these indicators are commodity-specific, additional baseline measures will be developed for the commodities included in the new Agricultural Sector Development Project.

The monitoring and evaluation system developed for SO2 draws primarily on project sources for collection and reporting of indicators. All of the program output indicators are an integral part of the project-level monitoring and evaluation plans and/or come directly from the analysis regularly carried out by the component institutions. A schedule has been defined for reporting the information to ANRO. The integration of the project and program level systems ensures availability of the data and a foundation of supporting information for continuous analysis of the

program level indicators.

The National Rural Household Survey will provide a rich data base for analysis of the important linkages between the two program outputs as well as a direct measure of the Strategic Objective. Funding for the survey includes provision for extensive analysis over the next year to model and test causal relationships. No other evaluation or special studies are contemplated for this year, although future studies are described in the SO2 M&E plan. Project evaluations were completed recently in anticipation of the design of the Agricultural Sector Development Project to stand in February 1992.

C. Strategic Objective No. 3: **Increased Use, Effectiveness, and Sustainability of Family Planning and Selected Health Services**

1. Refinements or Changes in the Strategic Objective or Program Outputs

The Strategic Objective has not changed and the program outputs for SO3 have undergone only a few slight modifications. First, the order of the Program Outputs was changed to better reflect the overall SO statement. Thus, Program Output Number 1 refers to USE, Number 2 to EFFECTIVENESS, and Number 3 to SUSTAINABILITY. Second, the Program Output "Effective Utilization and Improved Quality of Family Planning and Selected Health Services" was modified by removing the words "effective utilization". This modification was made since the SO Team felt that any improvements in quality would necessarily involve effective utilization.

Over the past twelve months, meetings of the SO3 Team were held in order to confirm the appropriateness of the program outputs, as well as to refine the number and type of indicators to be used. At the Program Performance level, the previous seven indicators have been reduced. Indicators which were eliminated are: Maternal Mortality Rate; Coverage of Health Services; and Percentage of National Budget Allocated to Health. The maternal mortality indicator was eliminated because the Team felt infant mortality was a good proxy and that reductions in infant mortality would most definitely be associated with reductions in maternal mortality. Coverage of health services was eliminated because it was too general, and did not adequately capture either use, effectiveness, or sustainability. More detailed measures are used at the Program Output level. Likewise, percent of national budget allocated to health was eliminated because it also was too general. Much more important is the percentage of the Ministry of Health budget going to provincial and local levels indicating progress in decentralization which our activities with the Ministry are designed to support. Moreover, with increased revenue generation, presumably the percent of the national budget going to health could, and indeed should, decline.

The project activities which support SO3 have been reorganized and focused based on their relevance to the accomplishment of the SO. Thus, project logframes and output indicators have been modified or are in the process of being modified based on the SO indicators. The main projects which support SO3 continue to be the Child Survival and Health Project (518-071), the Water and Sanitation for Ecuadorian Development Project (518-081), and the Family Planning and Health Project (518-084). A fourth project, Shelter Technical Assistance (518-076) is managed by RHUDO. This last project was

presented in last year's Action Plan as a Target of Opportunity. Over the past year, successes in the Mission policy dialogue (see I.B below) have led to the GOE taking a significant interest in urban health issues, specifically in water and sanitation issues. Thus the project has been changed from a Target of Opportunity to one which directly supports SO3.

The design of the Health Care Finance Project (518-113) continues to be on track, with early studies that will provide the baseline information for the necessary indicators. This new project will directly support SO3 since the generation and allocation of resources are a major constraint to the sustainability of health services. A more detailed explanation of this project's relationship to SO3 was presented in last year's Action Plan as an NPD, which remains unchanged.

The small, Private Pharmaceutical Distribution Project (518-093) will end this year, as will the CARE Cholera Response (518-108) Project. Activities related to cholera and pharmaceuticals will be folded into existing projects. Three centrally-funded projects will continue to support Cholera assistance for the next two years, but will be folded into child survival activities thereby promoting the increased use and sustainability of selected health services. A small, focused nutrition education project utilizing extra-budgetary funds will be carried out in conjunction with an agricultural extension project with FUNDAGRO on an experimental basis. Finally, limited assistance against AIDS utilizing central funds will continue.

2. Strategic Objective Performance

The main activities (projects, non-project assistance, ESF, policy dialogue) contributing to SO3 showed good progress during the last twelve months. Particularly impressive have been the gains related to improving the sustainability of family planning services. The two local family planning NGO's (APROFE and CEMOPLAF) have moved quickly and aggressively to establish endowments and to begin their capitalization. Both organizations have embraced the concepts of institutional sustainability and are fully integrated into the strategic objective process. Specific indicators of sustainability have been developed through the initiative of the NGO's; information, education, and communication (IEC) activities have been strengthened and institutionalized; and the use of cross subsidies, cost recovery, and cost containment strategies are being implemented. These advances in sustainability have not distracted the NGO's from continuing to pursue their main institutional objective of increasing the number of new users of family planning.

Baseline data will be established for many indicators during 1993. To date the most impact has been achieved in the policy reform area. Policy dialogue activities in health care finance took a

major leap forward in the last year with the change in GOE leadership. The newly elected GOE has shown considerable interest in health care finance issues, ranging from partial privatization of the social security system to charging fees for services and commodities, to contracting the private sector for specific services. The government is currently preparing a new tariff system for the public sector which would reverse a 15 year policy of free public sector services. The Mission in sponsoring a number of policy dissemination activities which consider alternative strategies for reforming an archaic thoroughly and inefficient social security system that has become decapitalized.

The policy dialogue activities related to population policy also took an important step forward with the establishment of the National Population Commission by the National Development Council (CONADE). The establishment of the Commission is the first significant positive move towards the implementation of the population policy which was formulated in 1987. As well, CONADE has requested that USAID provide assistance in preparing the official position paper which will be presented at the International Population Conference, to be held in Cairo in 1994. This United Nations-sponsored conference (held every 10 years) is the major international forum for achieving world wide consensus and support for population policies and programs.

In the area of urban health, a significant policy success in the past year has been the GOE's attention to urban environmental health matters. The new administration of President Sixto Durán-Ballén created a Ministry of Urbanization and Housing, with a Sub-Secretariat for Environmental Health. Besides rural water and sanitation activities which were traditionally managed by the Institute for Ecuadorian Sanitary Works (IEOS), this newly created Ministry has also taken urban water and sanitation issues as well. The USAID policy dialogue effort in this area has led to the GOE requesting assistance with the organization of the Ministry, and with integrating urban and rural water and sanitation programs under one consolidated unit. Municipalities such as Guayaquil and Machala have moved quickly in requesting Mission assistance in overhauling their woefully inadequate water and sanitation systems.

3. Monitoring and Evaluation Status and Plans

The M&E Plan for SO3 is now complete in English and Spanish. Several meetings were held to discuss the indicators, add some and delete others. An "indicators manager" was identified within the SO3 team. The manager will be responsible for maintaining, updating, and analyzing the status of indicators on a periodic basis using a simple data base format. Data collection on the indicators has begun, and virtually all indicators will have the baseline information during the first semester of this fiscal year. For some indicators, interim figures are now available. Data

collection methods now include service statistics, local rapid assessments, nationwide surveys, and special studies. The local rapid assessments have been incorporated as part of the Child Survival Project and are being implemented in selected areas. Within a year, such assessments will be available in all provinces where the project is active. A major demographic and health survey is planned for late 1993/early 1994. Likewise, the SO will take advantage of a nationwide rural agricultural household survey to measure selected indicators. At the project level, external evaluations of the Water and Sanitation Project (518-081) and the Child Survival Project (518-071) are planned for this year. Finally, the Mission will take advantage of the LAC regionally-funded Health, Nutrition and Sustainability Project to carry out a field validation of health finance indicators. These indicators, if validated, will be critical in preparing the Mission's Health Finance Project (518-113) and relating activities under that project to the achievement of SO3.

D. Strategic Objective No. 4: **Improved Responsiveness of Selected Democratic Institutions with Greater Citizen Participation**

1. Refinements or Changes in Strategic Objective and/or Program Outputs

The Mission continues to "fine tune" Strategic Objective 4. While the wording of the objective itself remains the same, the program performance indicators have been completely revised, sub-objectives have been added, some program outputs have changed and program sub-outputs have been eliminated. Certain indicators have been revised to reflect the above described changes.

The changes in the objective tree reflect SO4s continuing analysis and refinement process. Change in institutions is at the heart of the strategic objective. Institutions do not change easily. However, changes are more likely to take place when pressure for change comes simultaneously from above and below. In order to achieve our objective, we have developed a two pronged strategy. One thrust of this strategy (supported by the currently being designed Justice Sector Reform Project and ongoing policy dialogue) helps selected institutions to improve their responsiveness "from the top down". This thrust is represented by the new sub-objective "Improved responsiveness of selected democratic institutions". The second thrust, (supported by the Ecuador Development Scholarship Program (EDSP) and the Regional Technical Aid Center (RTAC) II Project) helps citizens to encourage greater institutional responsiveness "from the bottom up". This is represented by the new sub-objective "Greater citizen participation to encourage responsive institutions". The latter sub-objective boasts two new program outputs: "Current and/or potential leaders equipped with new skills and knowledge", and "Students and professors equipped with new skills and knowledge." The focus on skills and knowledge is fully consonant with the "bottom up" approach. By equipping citizens with new skills and knowledge, we position them to become more active participants in democratic processes. Skillful and knowledgeable citizens not only demand continued improvement from their government, but are also better prepared to assist the government in meeting that challenge.

The Electoral Education and Civic Training (ELECT) Project, the sole support to the former program output "Improved operation of electoral processes", was successful. However, there are serious obstacles which hinder further improvements in the electoral process: the lack of control over the voter (civil) registration process by any Electoral Tribunal, the intransigent and uncooperative nature of the Electoral Tribunal in the province of Guayas, a weak and unenforced "Political Parties Law" and a

political resistance to resolve these problems. For these reasons the electoral assistance activities were eliminated. Ecuador is not in danger of succumbing to corrupt electoral practices. Elections in Ecuador have been held openly and fairly since 1979. The country's long tradition of democratically held elections, coupled with a lack of political will to make necessary changes led us to conclude that our scarce financial and personnel resources would be better utilized in a more focussed SO.

2. Strategic Objective Performance

Progress toward achievement of the Strategic Objective has been good.

Program Output 1: "Improved operation of the justice system." Our policy dialogue agenda with the public and private sectors resulted in unprecedented and widely supported constitutional changes designed to create a more politically and financially independent judiciary. Formerly, Supreme Court justices were nominated largely on the basis of political affiliation and elected by a simple majority vote in Congress, every 4 years coincident with a new Administration. The majority parties exercised complete control over the nomination and selection process. Because Supreme Court justices select lower court justices, the political influence of the Congressional majority parties was felt throughout the judicial system. As a result of the constitutional reform, Supreme Court judges are now nominated for terms of 6 years based on their professional qualifications and are elected by a two-thirds majority of Congress which permits the active participation of all the parties represented in Congress. The reforms also granted the Supreme Court the right of constitutional review formerly lodged in a separate Constitutional Court, eliminated the non-judicial fiscal and administrative tribunals (bringing decisions on fiscal and administrative matters into the judicial system). They also set, for the first time, an administrative agency for the judiciary which will relieve the Supreme Court justices of the burden of administering the judicial system. Finally, the reforms establish an earmark for the judiciary of 2.5% of the national budget (traditionally the judiciary has received between .5% and .8% of the national budget). Both the Mission-sponsored AOJ Working Groups and the Corporacion Latinoamericana para el Desarrollo (CLD), a local contractor, continue to work on changes in the secondary and ancillary laws necessary to fully implement the reform package.

In addition to the constitutional reform package, a revised Code of Penal Procedure has been produced, and the Code of Civil Procedure and the Penal and Sentencing Code are under revision.

The Justice Sector Reform Project (No. 518-0105) is under design and planned for a late FY 93 start. The project will build on the

constitutional reforms and incorporate the revised codes. During the first year of the project, baseline data will be collected and targets set. It is, however, clear that training will be a crucial aspect of the project, both to assist in the implementation of the constitutional reform package and revised codes, as well as to institutionalize training in the judiciary.

Program Output 2: "Improved operation of the electoral process." The ELECT Project achieved its goals of increasing the number of correctly marked ballots (as opposed to incorrectly filled out and blank ballots). More significantly, through the mass media education campaign and, for the first time, the availability of trained poll workers, the project was responsible for improved levels of public confidence in the Supreme Electoral Tribunal (from 45% to 64%), the government (from 35% to 53%) and, while low, the political parties (from 19% to 23%). The poor overall management of the Civil (voter) Registry, which is administered by the Ministry of Government, coupled with the politically-inspired mismanagement of both the Guayas Civil Registry and Electoral Tribunal made the collection of reliable data on registered/eligible voters impossible.

Program Output 3: "Leaders and potential leaders equipped with and applying new skills and knowledge." Both RTAC II and the Ecuador Development Scholarship Program (EDSP) strengthen the human resource base of the country in ways that support democratic institutions. Two thousand nine hundred ninety three professors have adopted RTAC textbooks in twenty three subject areas since the project began. Over twenty-nine thousand books were sold in 1992. These are an impressive achievements in a country where, until recently, textbooks were not considered to be educational necessities. Numerous newspaper articles have appeared discussing the importance of the project to the continued growth and development of the country. The areas of greatest textbook demand are: business administration, computer sciences, economics, engineering and mathematics.

EDSP sent 55 participants to the United States for training in FY 92 (45 short term and 10 long term). All participants reported a high level of satisfaction with their training experience. Post-training information on involvement/effectiveness is collected from participants who have been back in country for a minimum of six months. None of the EDSP participants has been back yet for the required amount of time. Post-training information will be collected this year.

3. Monitoring and Evaluation Status and Plans

The collection of baseline and impact data under strategic objective 4 is moving slowly.

EDSP will be collecting impact data this year through self-reporting mechanisms and the use of case studies. We believe that case studies, while costly and time consuming, will give us a truer picture of how the training experience has changed the participant and their level of community/professional/institutional involvement and effectiveness. The use of pre-departure focus groups has been instituted to assist the participants in identifying specific technical questions and questions about the United States in order to improve relevance of their training.

RTAC is experimenting with the concept that use of textbooks by professors will improve their classroom teaching. The Mission has agreed to supply additional funds to the project to permit the collection of baseline and impact data in this area. RTAC is also investigating ways in which increases in knowledge of students using textbooks can be measured. RTAC will disaggregate by gender textbook adoption information. One finding of the project's initial baseline study indicated that some professors are resistant to using books in the classroom because they have never been trained to do so. The Mission, in conjunction with USIS/Ecuador, plans to sponsor a visiting expert in the use of textbooks in the classroom, to present seminars and training on the subject.

A final monitoring and evaluation plan for the Mission's AOJ activities will be included in the Administration of Justice Project Paper.

E. Strategic Objective No. 5: **Stem Loss of Biodiversity and Accelerate a Transition from Resource Mining to Resource Management in and Around Selected Protected Areas**

1. Refinements or Changes in Strategic Objective and/or Program Outputs

The Strategic Objective statement has not changed substantively since the last Action Plan. However in response both to concerns voiced by the LAC Bureau's Environmental Indicators Group, and to an internal review of the theoretical linkages between the outputs and the strategic objective, substantial changes have been made in the program outputs and their indicators. These changes also better reflect the experimental nature of our key project which is in a pilot phase.

In last year's Action Plan, SO5's first program output was, "establish mechanisms which generate income and employment from non-destructive use of resources in selected communities." The indicators were measures of impact in project communities. This program output has been changed to "models to generate income and employment from non-destructive use of resources developed and tested in selected communities," to more accurately reflect the Mission's intent to carry out community activities in order to develop and test community-level models of sustainable resource use that may be replicated on a larger scale later. The models include both ecotourism and artisanry activities, originally recorded under Program Output 1, and the agroforestry and natural forest management models, previously under Program Output 3. Indicators for the new Program Output 1 reflect the degree to which the models are accepted by Communities.

Activities previously included under Program Output 3, "Develop, test and promote technologies, "are now subsumed under Program Output 1, as activities that contribute to the development and testing of community models. The impact of these activities is reflected in the indicator, "number of models being tested in communities." The research and design activities themselves are monitored at the project level by the project M&E plans.

The second major change in the program outputs from last year's Action Plan is the re-statement of the organizational strengthening component. Last year, Program Output 2 was stated as, "Strengthen local community, governmental and non-governmental organizations' ability to plan/administer programs and monitor resource status." This output has been separated into two parts to reflect the difference in the rationale for strengthening governmental and non-governmental organizations.

Program Output 2 now refers explicitly to the expected output from work with governmental organizations, which is, through park management and enforcement, "area under active encroachment in selected areas stabilized or reduced." Including this Program Output will allow the Mission to test the relationship between the "carrot" side of the strategy, which is to diversify opportunities to earn income, and the "stick" which is protecting parks and natural areas from illegal exploitation.

The new Program Output 3, "Increased capacity among local community and regional organizations and Ecuadorian nongovernmental environmental organizations to plan and administer programs and policy and monitor resource and environmental status," emphasizes that the expected impact of organizational strengthening activities is not only to equip community organizations with the capacity to monitor and protect natural resources but also to build an institutional capacity in Ecuador to ensure sustainability of the program beyond the tenure of A.I.D. funding. This output is particularly important because stemming the loss of biodiversity is a process that must continue over several decades. The indicators for "capacity" of local organizations and of NGOs will be drawn from a list of characteristics monitored in the project M&E plans. The third indicator under this output refers to the development of local-level organizations for resolution of local conflicts over access and control of resources, and is seen as a part of the local institutional capacity to implement the strategic objective.

Program Output 4, previously stated as, "Improve policies governing resource use in and around protected areas", has been changed to "Improved conditions created through policy change to encourage resource management rather than resource mining." Improved policies are a means to an end, namely "improved conditions." New indicators have been developed which will measure impact rather than process, although these indicators still require further review and refinement by the SO5 team. The indicators measure the changes in conditions brought about by the policy changes. Further analyses will determine whether the changed conditions bring about the desired results in terms of biodiversity.

2. Strategic Objective Performance

The primary project contributing to the SO, SUBIR, is in a start-up phase (opening offices, hiring personnel, signing agreements). Other projects have been established for a longer period, but since the SO monitoring and evaluation plan has been under development during the last year, the Mission is not in a position at this time to report progress against these newly defined program outputs and indicators. However, some related policy reform victories have been achieved (see Section II.F.4 of this Action Plan).

3. Monitoring and Evaluation Status and Plans

A few refinements in the SO5 M&E plan are now required to accommodate the changes described above. Baseline measures and target values are needed for the new indicators. Several indicators are composites, and the method for arriving at one number needs to be made explicit (i.e. averaging, weighted scale, etc.). More analysis needs to be done of the indicators for Program Output 4, so that the Mission can be assured that consistent and accurate data can be obtained.

F. Policy Dialogue Agenda

1. Refinements or Changes in the Policy Dialogue Agenda

In last year's POD and Action Plan, it was explained that Ecuador's democratic processes have been strengthened in Ecuador since its return to democracy in 1979. However, the return to democracy did not bring with it improvements in the economic conditions that would further broad-based sustainable economic growth.

Both the Febres-Cordero and Borja administrations made flawed attempts at economic stabilization. The Febres-Cordero administration went on a spending spree during 86-87. The Borja administration that followed promised to stabilize the economy, but left it with inflation stuck at the annual rate of 50 percent as a gradualistic approach to stabilization failed. Moreover, two Stand-by agreements with the IMF went out of compliance as fiscal restraint was initiated but suspended in mid-stream.

Ecuador's need for policy reform was evident and USAID intensified its policy dialogue efforts in its strategic plan. The emphasis during the last Action Plan reporting period was on stabilization and structural adjustment policies. The focus is now on the crucial economic, social and institutional issues facing Ecuador, which USAID is trying to address in its SOs.

As described fully in last year's AP, policy reform matrices were developed for each SO area, as well as a general policy reform matrix. These matrices were primarily used in discussions of the stakeholder issues and additional actions required at the SO level. As policy dialogue and policy reform proceeded, the need for increased Mission coordination became evident as duplication of efforts occurred inadvertently. Coordination was enhanced by introducing a subcommittee to the Policy Reform Team to focus specifically on privatization issues and identify those policy areas which are cross-cutting themes in two or more strategic objectives.

One particular example is related to social security reform. In the area of health policy, a consultant's report on the Social Security Institute of Ecuador (IESS), which provides health services and pensions, was presented to labor leaders, GOE officials, journalists, business people, and others. The study was contracted under the Health Care Financing Sustainability Project. Though a highly controversial topic, it appears to have found a receptive audience and a consensus for his recommendations. Both INCAE, through our Policy Dialogue Support Project, and the Trade and Investment project, through Fundacion Ecuador (FE), set up a number of events concerning IESS reform, including working luncheons, meetings, and a T.V. talk show. The FE also sponsored publication of a summary of the report, and the conclusions of the report were

discussed at an INCAE workshop under the Policy Dialogue Support Project.

Another example is the expansion of the General Policy Reform Matrix to include policies related to the overhaul of low-cost housing and self-financed municipal services. This is crucial for reactivating the construction sector which has been depressed for over a decade as a result of inefficient public sector policies and high inflation. The activities of the Regional Housing and Urban Development Office (RHUDO, the Trade and Investment Project, the Policy Dialogue Support Project are all addressing privatization and capital markets policy.

2. Policy Dialogue Agenda Performance

When the new GOE came into office in August 1992, USAID/Ecuador's program had already developed "Agenda for the '90's" which served, in part, as the new policy agenda for the new GOE. USAID's strategic objectives coincided with many of the GOE's priorities. Over the past year considerable progress has been made in a number of policy reform areas on USAID's policy dialogue agenda, especially in fiscal and monetary policy.

The GOE has made great progress in the fiscal area. In the waning days of the Borja Administration, the Government passed a monetary reform law that eliminated the Central Bank's "advanced sales of foreign exchange" program which accounted for most of the Central Bank's "quasi-fiscal deficit." The Duran-Ballen Government, soon after taking office, greatly reduced subsidies for gasoline and utilities. All these measures cut the consolidated GOE budget from a projected deficit in 1992 of 7 percent of GDP to around 2 percent. The Duran-Ballen Government also passed a budget reform law which will greatly enhance its ability to control government expenditures in the years to come. Results have been swifter than anticipated. For example, inflation has been reduced to an average of 30% during the past three months and foreign exchange reserves increased by $ 560.0 million to s/. 780.0 million.

The GOE has also made important changes in the monetary system, including passage by the Borja Government of a monetary reform law. It has liberalized interest rates and, in foreign exchange transactions, established a controlled float determined by supply and demand within a band ranging from 1700 - 2000 sucres/dollar. The GOE has also reduced credit subsidies and, in the housing sector, will adopt an indexation method to maintain the real value of the capital lent. Furthermore, the Central Bank under the Duran-Ballen Government has shown determination to control money supply expansion to a level consistent with the government's macroeconomic and anti-inflation objectives.

3. Monitoring and Evaluation Status and Plans

The initial success in policy reform is a necessary but not sufficient condition for genuine policy reform to achieve broad-based, sustainable growth. Once a reform law is approved, its implementation is crucial. A case in point is the Budgetary Reform Law which cannot be effectively implemented during 1993 because the Finance Ministry does not have the staff to control expenditure adequately.

To track the implementation of policy, SOs have monitoring plans and output indicators in place that measure the effects of policy reform. These output indicators are critical to the measurement of the implementation process itself, as missing a target established in the monitoring plan of the SO obviously signals that implementation is off-track.

As implementation is a high priority, we have decided to include in the Action Plan implementation matrices which will guide USAID's activity during the implementation process. The implementation matrices that follow serve two purposes. As we compare the first and second columns, we see progress achieved by strategic objective. At the same time, the matrices establish the base-line for USAID/Ecuador's future policy reform activities in the areas of implementation. As explained in the matrices, some of these activities will emphasize monitoring and measuring implementation of reform laws already adopted by the Duran-Ballen and Borja administrations. Other policy reforms, mainly in the General Policy Matrix, are new as of this Action Plan and necessary to achieve the higher level objective of sustainable and broad-based economic growth for Ecuador.

REPORT ON STATUS OF POLICY REFORMS - Strategic Objective #1

S.O. #1: Increased trade and employment in non-traditional exports.

Policy Reform Area	Progress Since Last Action Plan	Implementation Steps Necessary Over Next Year
Implementation of GOE privatization strategy.	Creation of privatization council (CONAM); CONAM has prepared strategy for the "Modernization of State"; continued divestiture of shares in partially-owned SOE's; and prepared privatization bill to be submitted to Congress.	Continued divestiture of shares in partially-owned SOE's; approval of modernization strategy; submission of privatization law to Congress; concrete steps to begin privatization of significant, money-losing wholly-owned SOE's.
Passage and implementation of a capital markets law which favors equity capital over debt.	GOE has prepared draft capital markets law. Capital markets law will also provide for indexed and dual-indexed lending mechanisms for the housing sector which will protect the real value of capital borrowed, especially during inflationary times.	Submit law to Congress for approval; proceed with implementation of new capital markets framework.
Develop non-discriminatory legal framework that is respectful of intellectual property rights (IPR) and conducive to investment.	GOE issued foreign investment decree reducing further discriminatory treatment of foreign investors and allowing investment in previously prohibited sectors. Also adhered to new Andean region IPR regulations providing greater IPR protection.	Eliminate tax provisions discriminating against foreign investors; eliminate restrictions to free entry of foreign investment into the financial sector.
Sign free trade agreements which eliminate or reduce tariffs and eliminate non-tariff barriers to trade, such as trade restrictions, prohibitions, red tape, etc. for both importers and exporters.	Free trade agreements between Ecuador, Colombia, and Venezuela in affect. GOE has eliminated most formal NTB's. Ventanilla única for exports created and functioning well. EMELEC case resolved, therefore Ecuador should soon qualify for ATPA.	Reform customs system to reduce red tape/corruption at that level. Institute Ventanilla única for imports.
Develop export strategy.	GOE has prepared, with the help of FEDEXPOR, Law for the Promotion of Exports and Trading Company Law.	Passage of Law for the Promotion of Exports and Trading Company Law. Initiate implementation.

2/11/93

REPORT ON STATUS OF POLICY REFORMS - Strategic Objective #2

S.O. #2: Increased agricultural income, with emphasis on small and medium farms.

Policy Reform Area	Progress Since Last Action Plan	Implementation Steps Necessary Over Next Year
Privatize State-owned Agricultural Enterprises (SOAE's), create production & price information system.	BNF, MAG and CFN are proceeding with the privatization of several state-owned enterprises.	Diagnostics of investments in a variety of state-owned enterprises are to be carried out by the MAG. A proposed sale of FERTISA is anticipate in early calendar year 1993.
Strengthen land market through security of tenancy, ease of transfer via sale or rental, and creation of land tax/bank.	Development of draft agrain law to replace obsolete Agrarian Reform Law.	Pass and initiate implementation of new agrarian law.
Free market prices for agricultural and food products; reform Consumer Defense Law.	Legislation enacting a price band mechanism for agricultural commodities has been passed and approved by the President. The band is intended as a step toward complete free trade with the rest of the world and the price bands will stabilize domestic prices for specific goods within a range based upon international prices. Ecuador has also entered into free agricultural trade with Colombia and Bolivia, with Venezuela soon to follow.	Extend price-band mechanism to other tradeable agricultural commodities. Pass reformed Consumer Defense Law by Congress which will eliminate government intervention in all price-setting activities. GOE must still pursue the elimination of non-tariff barriers to trade.
Increase public & private investment in agricultural research, extension, and education (REE).	National Agricultural Research Institute (INIAP) autonomy law and implementing regulations have been passed. Includes provision for increased GOE budget for research and will strengthen the internal management of INIAP.	Initiate implementation of INIAP autonomy law; negoatiate with donor agencies for additional funding.
Develop an efficient system of rural financial intermediation; eliminate interest rate subsidies for agricultural credit.	BNF interest rates have been increased toward market rates, with the current spread being about 5 percent.	Work on the reform or restructuring of the BNF for which World Bank funding is forthcoming in collaboration with IDEA.

2/11/93

REPORT ON STATUS OF POLICY REFORMS - Strategic Objective #3

S.O. #3: Increased Use, effectiveness and sustainability of family planning and selected health services.

Policy Reform Area	Progress Since Last Action Plan	Implementation Steps Necessary Over Next Year
Implement policy for the decentralization of the provision of health services.	MOH officially decreed the establishment of "regional systems of health" thereby giving much greater authority to provincial and lower level authorities. MOH officially assumed strategic planning process as decentralized Ministry-wide process for annual budget plan.	MOH to establish decentralized supervision norms. MOH to establish decentralized logistics system.
Reform the health care financing system.	MOH officially initiated process of establishing tariffs. MOH prepared to release two MOH hospitals for private administration. Public debate and discussion on future of Social Security (IESS), including possible privatization of selected services. MOH and IESS signed agreements with NGO entities for provision of selected services.	MOH to implement tariff system and private administration of public hospitals. IESS to begin reforms, including possible reform to the IESS Law.
Increase resource allocation for family planning from own resources.	MOH and IESS signed agreements to purchase their own contraceptives beginning in 2-3 years. MOH and IESS are preparing next year's annual budget submission with increased line items for activities related to family planning.	MOH submission of budget to Congress. IESS submission of budget to IESS Council.
Implement a population policy.	CONADE established National Population Commission, which includes key members of Cabinet. CONADE began preparation for national debate on population issues which in turn will lead to official national position for presentation at 1994 World Conference in Cairo.	CONADE to carry out debate and complete preparations for the 1994 Conference.
Provide efficient and sustainable delivery of municipal water and sewage services in Quito, Guayaquil, and Machala.	Quito has implemented cost accounting system which enables cost recovery and sound investment decisions; Guayaquil proceeding with private sector provision of solid waste collection services.	Housing Finance Fund at BEV should be made accessible to municipal water authorities for the financing of water and infrastructural connections in low income neighborhoods. Technical assistance will be provided to private sector to provide infrastructure and to municipalities and provinces on privatization issues concerning water and sanitation. Work with private banks to involve them in lending for municipal water and sewage systems. In Machala, replicate successful efforts of Quito and Guayaquil.

2/11/93

REPORT ON STATUS OF POLICY REFORMS - Strategic Objective #4

S.O. #4: Improved responsiveness of selected democratic institutions with greater citizen participation.

Policy Reform Area	Progress Since Last Action Plan	Implementation Steps Necessary Over Next Year
Restructuring of judicial system.	Adoption of constitutional reform package which changes the size, manner of selection, and roles and responsibilities of the Supreme Court, and provides for more funding for the judiciary.	Drafting and adoption of secondary laws needed to implement the reform package - most importantly the "Judicial Function Law" and the "Legal Review (casación) Law".
Modernization of selected legal codes and procedures.	Penal procedure code drafted; civil procedure code and penal and sentencing codes in progress.	Termination of civil procedure and penal and sentencing codes; passage of all 3 codes by Congress and approval by President.

2/11/93

REPORT ON STATUS OF POLICY REFORMS - Strategic Objective #5

S.O. #5: Stem loss of biodiversity and accelerate a transition from resource mining to resource management in and around selected protected areas.

Policy Reform Area	Progress Since Last Action Plan	Implementation Steps Necessary Over Next Year
Implementation of natural resources management laws (e.g. adequate protection of selected national parks).	Sustainable Uses for Biological Resources Project (SUBIR) technical assistance continues to be provided in the area of park demarcation. Park guards are being supplied with training, fuel and equipment necessary to adequately patrol parks. Higher fees for Galápagos tourism operators and their clients went into effect on February 1, 1993. Funds collected will be used for conservation projects and local development in the archipelago and also to pay for the management of continental parks. A SUBIR grantee is drafting articles to be included in the regulatory code that will permit the National Institute for Forests and Natural Areas (INEFAN) to contract out park management to non-governmental organizations and businesses as part of an overall plan of action for the Institute.	A specific mechanism for allocating funds generated by Galápagos visitors fees needs to be developed. INEFAN will be responsible for distributing funds to specific projects in various agencies. Higher park entrance fees should be established for other parks. NGO's and firms that could contract for park management need to be identified and strengthened.
Development of a strategy for environmentally sound oil exploration and exploitation.	The GOE has approved some environmental assessments for petroleum activities and is preparing to enforce them.	Petroecuador will need to be monitored for compliance with environmental assessments. Implement proposal to contract out monitoring of compliance with management plans.
Passage of Environmental Law by Congress.	Final draft of environmental law has been drafted.	Continue to hold meetings regarding adoption of law. Passage of law within the next year.
Management of mining activities so that they are conducted in an environmentally sound manner.	None.	Start dialogue with international mining companies.

2/11/93

REPORT ON STATUS OF POLICY REFORMS - General Policy Reforms

Policy Reform Area	Progress Since Last Action Plan	Implementation Steps Necessary Over Next Year
Reduce fiscal deficit through expenditure control, including reduction in redundant public sector personnel, and increase revenues while at the same time establishing a social safety net.	New GOE committed to reform -- announced one-time tax on business assets, stricter tax collection, and plans to expand VAT to more goods and services; GOE reduced and eliminated many subsidies, including those for gasoline and electricity; some ministries are reducing staff and modernizing services; new GOE passed major budget reform law which will enable it to better control government expenditures; President, with USAID help, is pursuing creation of a social sector safety fund.	GOE needs to increase and broaden VAT; GOE needs to take concrete steps to reduce personnel further; GOE needs to develop and implement a social safety net strategy.
Reduce fiscal deficit through reform GOE budgetary process through the elimination of earmarks for military and other groups/activities.	Passage of the Budget Reform Law gave the Minister of Finance the necessary power to better control GOE expenditures. Under new law, many earmarks were eliminated, but many remain such as those for military, universities, IESS, etc.	Implementation of Minister of Finance's financial controls to ensure that the GOE's fiscal targets are met (a .5 percent GDP surplus by the end of 1993).
Reduce the fiscal deficit through a privatization strategy, the institution of performance-based management systems for state enterprises, and the reform the laws and regulations that govern the enterprises.	New GOE created CONAM, the council responsible for the modernization of the state; CONAM has developed strategy and has identified 15 enterprises for privatization; CONAM is working with CFN, MAG, and BNF on the appraisal of enterprises.	Pass the privatization law; carry-out the privatization/restructuring of some state-owned enterprises contributing to the fiscal deficit.
Reform the Hydrocarbons law which would allow private petroleum companies to compete with Petroecuador.	World Bank has been working with the GOE on the hydrocarbons law, though it has yet to be passed.	GOE needs to remove itself from the setting of domestic petroleum prices.
Liberalize interest rates and eliminate credit subsidies by Central Bank to the public and private sectors.	New monetary law restricts the Central Bank's subsidized credits and loans (though the GOE may seek to amend the law to give more power back to the Central Bank); new GOE has liberalized interest rates, eliminating the fixed spread between savings and lending rates, and has put into effect a market system with a GOE-calculated reference rate to induce saving and investment.	GOE needs to develop additional ways to move from an interventionist approach to a facilitating/enabling approach. This can happen through a) the deepening of financial markets through passage of capital markets and financial system reform laws which will be submitted to Congress in near future; b) allowing social security contributions to be invested in IESS or in a private pension fund; and c) the further liberalization of financial markets through regulatory measures.
Introduce an appropriate exchange rate unified at the market equilibrium rate.	GOE devalued the currency by 35 percent and now has in place a fixed exchanged rate system allowing a controlled float of the sucre/dollar rate within a band of 1700-2000 sucres/dollar.	GOE eventually needs to eliminate the exchange rate band and let the rate float freely; GOE must also provide strict and consistent monetary and fiscal policy to control inflation.

Institute an appropriate external debt policy through negotiations and a debt reduction program.	GOE is in process of negotiating a two-year IMF stand-by agreement, a precondition for reconvening debt negotiations with the commercial banks; international reserves reached the high level of $780 million as of December 1992, after exchange rate policy was implemented, thereby strengthening Ecuador's negotiating position.	Comply with IMF conditions once stand-by agreement is put into place; successful conclusion of debt agreement with the commercial banks; implement debt conversion program.
Pursue labor reform.	In late Borja administration, GOE passed extensive labor reform law which increased the minimum number of workers required to form a union, gave employers more flexibility in terms of laying off workers or hiring part-time employees; under new GOE, a "sixteenth salary" has been added to augment the wages of workers.	Further legal changes are necessary, including: a) unification of salaries; b) further reform in stability provisions (ie., increase the amount of time before an employee is eligible for retirement benefits, etc.); c) rationalization law which requires that a portion of company profits be paid to employees, but which, in practice, is only being paid by large multinationals.
Policies for Housing Finance and Privatized Municipal Services.	1. BEV is in process of removing itself from all direct lending and becoming a second story lending institution. 2. Management of the HG Program funds is being transferred from the BCE to the BEV's recently created Housing Refinancing Unit charged of the function of refinancing the shelter portfolio generated by private sector financial entities. 3. GOE establishment of the Ministry of Urban Development and Housing Affairs (MINDURVI) was streamlined with the support of RHUDO. RHUDO is assisting the new Ministry to define organizational roles and responsibilities. 4. RHUDO is providing dialogue supports between credit unions, BEV and MINDURVI to qualify credit unions as certified intermediate lending entities to make them eligible for discount of Housing and Home Improvement loans.	Disbursement of moneys; implementation of financial instruments for saving and lending; adequate budgetary and control system for the restructured Housing Bank and Ministry of Urban Development and Housing Affairs; provide TA related to the privatization of solid waste collection and disposal services.

2/11/93

REPORT ON STATUS OF POLICY REFORMS - General Policy Reforms

Policy Reform Area	Progress Since Last Action Plan	Implementation Steps Necessary Over Next Year
Reduce fiscal deficit through expenditure control, including reduction in redundant public sector personnel, and increase revenues while at the same time establishing a social safety net.	New GOE committed to reform -- announced one-time tax on business assets, stricter tax collection, and plans to expand VAT to more goods and services; GOE reduced and eliminated many subsidies, including those for gasoline and electricity; some ministries are reducing staff and modernizing services; new GOE passed major budget reform law which will enable it to better control government expenditures; President, with USAID help, is pursuing creation of a social sector safety fund.	GOE needs to increase and broaden VAT; GOE needs to take concrete steps to reduce personnel further; GOE needs to develop and implement a social safety net strategy.
Reduce fiscal deficit through reform GOE budgetary process through the elimination of earmarks for military and other groups/activities.	Passage of the Budget Reform Law gave the Minister of Finance the necessary power to better control GOE expenditures. Under new law, many earmarks were eliminated, but many remain such as those for military, universities, IESS, etc.	Implementation of Minister of Finance's financial controls to ensure that the GOE's fiscal targets are met (a .5 percent GDP surplus by the end of 1993).
Reduce the fiscal deficit through a privatization strategy, the institution of performance-based management systems for state enterprises, and the reform the laws and regulations that govern the enterprises.	New GOE created CONAM, the council responsible for the modernization of the state; CONAM has developed strategy and has identified 15 enterprises for privatization; CONAM is working with CFN, MAG, and BNF on the appraisal of enterprises.	Pass the privatization law; carry-out the privatization/restructuring of some state-owned enterprises contributing to the fiscal deficit.
Reform the Hydrocarbons law which would allow private petroleum companies to compete with Petroecuador.	World Bank has been working with the GOE on the hydrocarbons law, though it has yet to be passed.	GOE needs to remove itself from the setting of domestic petroleum prices.
Liberalize interest rates and eliminate credit subsidies by Central Bank to the public and private sectors.	New monetary law restricts the Central Bank's subsidized credits and loans (though the GOE may seek to amend the law to give more power back to the Central Bank); new GOE has liberalized interest rates, eliminating the fixed spread between savings and lending rates, and has put into effect a market system with a GOE-calculated reference rate to induce saving and investment.	GOE needs to develop additional ways to move from an interventionist approach to a facilitating/enabling approach. This can happen through a) the deepening of financial markets through passage of capital markets and financial system reform laws which will be submitted to Congress in near future; b) allowing social security contributions to be invested in IESS or in a private pension fund; and c) the further liberalization of financial markets through regulatory measures.
Introduce an appropriate exchange rate unified at the market equilibrium rate.	GOE devalued the currency by 35 percent and now has in place a fixed exchanged rate system allowing a controlled float of the sucre/dollar rate within a band of 1700-2000 sucres/dollar.	GOE eventually needs to eliminate the exchange rate band and let the rate float freely; GOE must also provide strict and consistent monetary and fiscal policy to control inflation.

Institute an appropriate external debt policy through negotiations and a debt reduction program.	GOE is in process of negotiating a two-year IMF stand-by agreement, a precondition for reconvening debt negotiations with the commercial banks; international reserves reached the high level of $780 million as of December 1992, after exchange rate policy was implemented, thereby strengthening Ecuador's negotiating position.	Comply with IMF conditions once stand-by agreement is put into place; successful conclusion of debt agreement with the commercial banks; implement debt conversion program.
Pursue labor reform.	In late Borja administration, GOE passed extensive labor reform law which increased the minimum number of workers required to form a union, gave employers more flexibility in terms of laying off workers or hiring part-time employees; under new GOE, a "sixteenth salary" has been added to augment the wages of workers.	Further legal changes are necessary, including: a) unification of salaries; b) further reform in stability provisions (ie., increase the amount of time before an employee is eligible for retirement benefits, etc.); c) rationalization law which requires that a portion of company profits be paid to employees, but which, in practice, is only being paid by large multinationals.
Policies for Housing Finance and Privatized Municipal Services.	1. BEV is in process of removing itself from all direct lending and becoming a second story lending institution. 2. Management of the HG Program funds is being transferred from the BCE to the BEV's recently created Housing Refinancing Unit charged of the function of refinancing the shelter portfolio generated by private sector financial entities. 3. GOE establishment of the Ministry of Urban Development and Housing Affairs (MINDURVI) was streamlined with the support of RHUDO. RHUDO is assisting the new Ministry to define organizational roles and responsibilities. 4. RHUDO is providing dialogue supports between credit unions, BEV and MINDURVI to qualify credit unions as certified intermediate lending entities to make them eligible for discount of Housing and Home Improvement loans.	Disbursement of moneys; implementation of financial instruments for saving and lending; adequate budgetary and control system for the restructured Housing Bank and Ministry of Urban Development and Housing Affairs; provide TA related to the privatization of solid waste collection and disposal services.

2/11/93

Table 1

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Ecuador				
STRATEGIC OBJECTIVE NO. 1 Increased trade and employment in non-traditional exports				
Indicator: Employment in: agroindustry, food processing				
Unit: % of 1985' Index base year.		Year	Planned	Actual
Source: INEC, Statistical Bulletin 1991	Baseline	1989 1991	------	89.6 98.3
Comments: Employment figures are subject to review since INEC sample does not include new companies which are receiving USAID's projects assistance.		1992	125	
		1993	154	
		1994		
		1995	250	
		1996		
	Target	1997		
Indicator: Employment in: metal products				
Unit: % of 1985's Index base year		Year	Planned	Actual
Source: INEC, Statistical Bulletin 1991	Baseline	1989 1991	------	84.1 82.8
Comments: Employment figures are subject to review since INEC sample does not include new companies which are receiving USAID's projects assistance.		1992	125	
		1993	154	
		1994		
		1995	250	
		1996		
	Target	1997		

Indicator: Employment in: restaurant & hotels				
Unit: % of 1985's Index base year.		Year	Planned	Actual
Source: INEC Statistical Bulletin 1991	Baseline	1989 1991	------	104.4 110.8
Comments: ETIO will not include this subsector begining 1993.		1992	125	
		1993		
		1994		
		1995		
		1996		
	Target	1997		

Indicator: Employment in: textiles & apparel				
Unit: % of 1985's Index base year		Year	Planned	Actual
Source: INEC Statistical Bulletin 1991	Baseline	1989 1991	------	95.0 87.8
Comments: ETIO will not include this subsector begining in 1993.		1992	125	
		1993		
		1994		
		1995		
		1996		
	Target	1997		

Indicator: Employment in: wood and wood products				
Unit: % of 1985's Index base year		Year	Planned	Actual
Source: INEC Statistical Bulletin 1991	Baseline	1989 1991	------	111.1 111.0
Comments: Employment figures are subject to review since INEC sample does not include new companies which are receiving USAID's projects assistance.		1992	125	
		1993	154	
		1994		
		1995	250	
		1996		
	Target	1997		

Indicator: Gross annual FOB value of non-traditional exports				
Unit: US$ million		Year	Planned	Actual
Source: ECB preliminary data for 1992	Baseline	1990	------	309.8
Comments:		1992	380.0	397.3
		1993	420.0	
		1994		
		1995	500.0	
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 1 Increased trade and employment in non-traditional exports

PROGRAM OUTPUT NO. 1.1 Greater product diversification in non-traditional exports

Indicator: NTX products (5 digit CUCI category) with annual FOB value over $500,000				
Unit: Number of NTX products		Year	Planned	Actual
Source: ECB, VUA901C Preliminary Statistical Report for 12/92.	Baseline	1990	------	69
Comments: The preliminary VUA901C report is using NANDINA classification code instead of CUCI. Official data may change 1992's results.		1991	76	
		1992	85	114
		1993	94	
		1994		
		1995	110	
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 1 Increased trade and employment in non-traditional exports				
PROGRAM OUTPUT NO. 1.2 Increase investment in non-traditional export industries				
Indicator: New foreign investment -total				
Unit: Thousands of U.S. dollars		Year	Planned	Actual
Source: ECB, MICIP's 1991 New investment report.	Baseline	1990 1991 1992	------ - 11.500	8.224 6.682
Comments: The 1995 planned amount of foreign investment will decline to 9.912 since tourism & hotels and textiles & apparel are not included in ETIO's plan for 1993 and beyond.		1993	9.069	
		1994		
		1995	9.912	
		1996		
	Target	1997		

Indicator: New foreign investment in: agroindustry, food				
Source: ECB, MICIP's 1991 New Investment report.	Baseline	1990 1991	------	3.395 1.291
Comments:		1992	5.066	
		1993	5.319	
		1994		
		1995	5.814	
		1996		
	Target	1997		

Indicator: New foreign investment in: metal products				
Unit: Thousands of US$		Year	Planned	Actual
Source: ECB, MICIP's 1991 New Investment Report.	Baseline	1990 1991	------	2.530 1.891
Comments:		1992	3.377	
		1993	3.546	
		1994		
		1995	3.876	
		1996		
	Target	1997		

Indicator: New foreign investment in: restaurants & hotels				
Unit: Thuosands US$		Year	Planned	Actual
Source: ECB, MICIP's 1991 New Investment Report.	Baseline	1990 1991	------	1.372 3.113
Comments: This sector will not be included as an indicator of POs for SO 1.		1992	1.831	
		1993		
		1994		
		1995		
		1996		
	Target	1997		

Indicator: New foreign investment in: textiles & apparel				
Unit: Thousands US$		Year	Planned	Actual
Source: ECB, MICIP's 1991 New Investment Report.	Baseline	1990 1991	------	382 312
Comments: This sector will not be included as an indicator of POs for SO 1, because the Lautenberg Amendment prohibits AID assistance in this sector.		1992	510	
		1993		
		1994		
		1995		
		1996		
	Target	1997		

Indicator: New foreign investment in: wood & wood products				
Unit: Thousands US$		Year	Planned	Actual
Source: ECB, MICIP's 1991 New Investment Report.	Baseline	1990 1991	------	145 75
Comments:		1992	194	
		1993	204	
		1994		
		1995	222	
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 1 Increased trade and employment in non-traditional exports				
PROGRAM OUTPUT NO. 1.3 Improvement in the trade and investment climate				
Indicator: Fundacion Ecuador established and serving as lead private sector organizations in coordinating trade and investment promotion programs				
Unit:		Year	Planned	Actual
Source: Fundacion Ecuador/ETIO	Baseline	1991	------	None
Comments:		1992	Estblsh access to USAID programs & funds, agreemnt wth FE. **DONE**	
		1993	FE working plan for 1993 including NTAE support.	
		1994	A solid FE is promtng investment and eco. reforms.	
		1995	FE is fully established promotng exports, foreign& national investment and economic reforms.	
		1996		
	Target	1997		

Indicator: Implementation of foreign investment related laws including streamlining of procedures				
Unit: Specific policy dialogue targets.		Year	Planned	Actual
Source: Previous Action Plan and FE reports on laws' reforms.	Baseline	1991	------	Partial reform of Andean Pact Agree-ment.De cision 291from JUNAC and GOE decree regula-ting JUNAC's Deci-sion.
Comments:		1992	Elimination of authriza-tion. Elimination of differences on taxation & trnsprt. **DONE** **PARTIAL**	
		1993	Improving compe-titiveness in transportation by implementing new reforms in its related laws and regulatory base.	
		1994		
		1995	Equal treat-ment of national and foreign invest-ment.	
		1996		
	Target	1997		

Indicator: Processing time reduced for export/import licensing				
Unit: Specific policy dialogue targets.		Year	Planned	Actual
Source: FEDEXPOR, ANDE, PROEXANT, GOE	Baseline	1991	------	None
Comments: This indicator refers to one stop **exports** window only.		1992	Ventanilla Unica **DONE**	
		1993	Fully implementation of Venta. Unica in exports and advancing in the Venta.Unica for imports.	
		1994		
		1995	Venta. Unica simplification of all process, elimination of exp/impt licences	
		1996		
	Target	1997		

Indicator: Quantitative trade restrictions and prohibitions				
Unit:		Year	Planned	Actual
Source: F.E. FEDEXPOR ANDE CH. OF COM GOE	Baseline	1991	------	Revise trade restric tions & tariffs
Comments: Exports Facilitation law is fully implemented. Regulatory laws on free trade are improving since free trade agreements w/ Colombia and Venezuela are implemented.		1992	Export facilitation law. **DONE** Revise regulatory laws & decrees on free markets. **PARTIAL**	
		1993	Trade Agreements with Colombia and Venezuela are fully working with no exceptions on trade.	
		1994		
		1995	Total elimination of restrictions with minimal exceptions	
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 2 Increased agricultural income with emphasis on small and medium farms.

Indicator: Gross real income per ha. BANANA

Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	1.98
Comments: 1992 value covers Jan. - Sept. only due to unavailability of data for last quarter of year. The 1993 planned value assumes an 11.5% increase, the 1995 value a 15% increase, and the 1997 value a 17% increase over the baseline value.		1991		5.28
		1992		2.14
		1993	2.21	
		1994	2.24	
		1995	2.28	
		1996	2.30	
	Target	1997	2.32	

Indicator: Gross real income per ha. COFFEE (BEANS)

Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.15
Comments: See comment for banana.		1991		0.07
		1992		0.16
		1993	0.17	
		1994	0.17	
		1995	0.17	
		1996	0.17	
	Target	1997	0.18	

Indicator: Gross real income per ha. CACAO				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.22
Comments: See comment for banana.		1991		0.18
		1992		0.24
		1993	0.25	
		1994	0.25	
		1995	0.26	
		1996	0.26	
	Target	1997	0.26	

Indicator: Gross real income per ha. SUGARCANE				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.48
Comments: See comment for banana.		1991		0.58
		1992		0.50
		1993	0.53	
		1994	0.54	
		1995	0.55	
		1996	0.55	
	Target	1997	0.56	

Indicator: Gross real income per ha. AFRICAN PALM				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.82
Comments: See comment for banana.		1991		0.47
		1992		0.87
		1993	0.91	
		1994	0.92	
		1995	0.94	
		1996	0.95	
	Target	1997	0.96	

Indicator: Gross real income per ha. COTTON				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.50
Comments: See comment for banana.		1991		0.56
		1992		0.55
		1993	0.56	
		1994	0.57	
		1995	0.58	
		1996	0.58	
	Target	1997	0.58	

Indicator: Gross real income per ha. RICE (UNMILLED)				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.45
Comments: See comment for banana.		1991		0.35
		1992		0.48
		1993	0.50	
		1994	0.50	
		1995	0.51	
		1996	0.52	
	Target	1997	0.53	

Indicator: Gross real income per ha. BARLEY				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.14
Comments: See comment for banana.		1991		0.08
		1992		0.15
		1993	0.16	
		1994	0.16	
		1995	0.16	
		1996	0.16	
	Target	1997	0.16	

Indicator: Gross real income per ha. HARD CORN				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.17
Comments: See comment for banana.		1991		0.16
		1992		0.18
		1993	0.19	
		1994	0.19	
		1995	0.20	
		1996	0.20	
	Target	1997	0.20	

Indicator: Gross real income per ha. SOFT CORN				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.12
Comments: See comment for banana.		1991		0.15
		1992		0.13
		1993	0.14	
		1994	0.14	
		1995	0.14	
		1996	0.14	
	Target	1997	0.14	

Indicator: Gross real income per ha. POTATO				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.79
Comments: See comment for banana.		1991		0.71
		1992		0.84
		1993	0.88	
		1994	0.89	
		1995	0.91	
		1996	0.91	
	Target	1997	0.92	

Indicator: Gross real income per ha. SOYBEAN				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.42
Comments: See comment for banana.		1991		0.42
		1992		0.45
		1993	0.47	
		1994	0.48	
		1995	0.49	
		1996	0.49	
	Target	1997	0.49	

Indicator: Gross real income per ha. WHEAT				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.14
Comments: See comment for banana.		1991		0.10
		1992		0.15
		1993	0.16	
		1994	0.16	
		1995	0.16	
		1996	0.16	
	Target	1997	0.16	

Indicator: Gross real income per ha. CASSAVA				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.41
Comments: See comment for banana.		1991		0.36
		1992		0.45
		1993	0.46	
		1994	0.46	
		1995	0.47	
		1996	0.47	
	Target	1997	0.48	

Indicator: Gross real income per ha. MILK				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.36
Comments: See comment for banana.		1991		0.42
		1992		0.37
		1993	0.40	
		1994	0.41	
		1995	0.42	
		1996	0.42	
	Target	1997	0.42	

STRATEGIC OBJECTIVE NO. 2 Increased agricultural income with emphasis on small and medium farms.				
Indicator: Gross real income per ha. BANANA				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	1.98
Comments: 1992 value covers Jan. - Sept. only due to unavailability of data for last quarter of year. The 1993 planned value assumes an 11.5% increase, the 1995 value a 15% increase, and the 1997 value a 17% increase over the baseline value.		1991		5.28
		1992		2.14
		1993	2.21	
		1994	2.24	
		1995	2.28	
		1996	2.30	
	Target	1997	2.32	

Indicator: Gross real income per ha. COFFEE (BEANS)				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.15
Comments: See comment for banana.		1991		0.07
		1992		0.16
		1993	0.17	
		1994	0.17	
		1995	0.17	
		1996	0.17	
	Target	1997	0.18	

Indicator: Gross real income per ha. CACAO				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.22
Comments: See comment for banana.		1991		0.18
		1992		0.24
		1993	0.25	
		1994	0.25	
		1995	0.26	
		1996	0.26	
	Target	1997	0.26	

Indicator: Gross real income per ha. SUGARCANE				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.48
Comments: See comment for banana.		1991		0.58
		1992		0.50
		1993	0.53	
		1994	0.54	
		1995	0.55	
		1996	0.55	
	Target	1997	0.56	

Indicator: Gross real income per ha. AFRICAN PALM				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.82
Comments: See comment for banana.		1991		0.47
		1992		0.87
		1993	0.91	
		1994	0.92	
		1995	0.94	
		1996	0.95	
	Target	1997	0.96	

Indicator: Gross real income per ha. COTTON				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.50
Comments: See comment for banana.		1991		0.56
		1992		0.55
		1993	0.56	
		1994	0.57	
		1995	0.58	
		1996	0.58	
	Target	1997	0.58	

Indicator: Gross real income per ha. RICE (UNMILLED)				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.45
Comments: See comment for banana.		1991		0.35
		1992		0.48
		1993	0.50	
		1994	0.50	
		1995	0.51	
		1996	0.52	
	Target	1997	0.53	

Indicator: Gross real income per ha. BARLEY				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.14
Comments: See comment for banana.		1991		0.08
		1992		0.15
		1993	0.16	
		1994	0.16	
		1995	0.16	
		1996	0.16	
	Target	1997	0.16	

Indicator: Gross real income per ha. HARD CORN				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.17
Comments: See comment for banana.		1991		0.16
		1992		0.18
		1993	0.19	
		1994	0.19	
		1995	0.20	
		1996	0.20	
	Target	1997	0.20	

Indicator: Gross real income per ha. SOFT CORN				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.12
Comments: See comment for banana.		1991		0.15
		1992		0.13
		1993	0.14	
		1994	0.14	
		1995	0.14	
		1996	0.14	
	Target	1997	0.14	

Indicator: Gross real income per ha. POTATO				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.79
Comments: See comment for banana.		1991		0.71
		1992		0.84
		1993	0.88	
		1994	0.89	
		1995	0.91	
		1996	0.91	
	Target	1997	0.92	

Indicator: Gross real income per ha. SOYBEAN				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.42
Comments: See comment for banana.		1991		0.42
		1992		0.45
		1993	0.47	
		1994	0.48	
		1995	0.49	
		1996	0.49	
	Target	1997	0.49	

Indicator: Gross real income per ha. WHEAT				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.14
Comments: See comment for banana.		1991		0.10
		1992		0.15
		1993	0.16	
		1994	0.16	
		1995	0.16	
		1996	0.16	
	Target	1997	0.16	

Indicator: Gross real income per ha. CASSAVA				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.41
Comments: See comment for banana.		1991		0.36
		1992		0.45
		1993	0.46	
		1994	0.46	
		1995	0.47	
		1996	0.47	
	Target	1997	0.48	

Indicator: Gross real income per ha. MILK				
Unit: Millions of 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	0.36
Comments: See comment for banana.		1991		0.42
		1992		0.37
		1993	0.40	
		1994	0.41	
		1995	0.42	
		1996	0.42	
	Target	1997	0.42	

STRATEGIC OBJECTIVE NO. 2 Increased agricultural income with emphasis on small and medium farms

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. BANANA.

Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	132,520
Comments: 1992 value covers Jan. - Sept. only due to unavailability of data for last quarter of year. The 1993 planned value assumes an 11.5% increase, the 1995 value a 15% increase, and the 1997 value a 17% increase over the baseline value.		1991		274,443
		1992		133,907
		1993	147,429	
		1994	149,914	
		1995	152,398	
		1996	153,723	
	Target	1997	155,048	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. COFFEE (BEANS)

Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	29,320
Comments: See comment for banana.		1991		16,222
		1992		31,282
		1993	32,619	
		1994	33,168	
		1995	33,718	
		1996	34,011	
	Target	1997	34,304	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. CACAO				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	36,349
Comments: See comment for banana.		1991		28,765
		1992		38,293
		1993	40,438	
		1994	41,120	
		1995	41,801	
		1996	42,164	
	Target	1997	42,528	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. SUGARCANE				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	10,477
Comments: See comment for banana.		1991		12,854
		1992		10,882
		1993	11,656	
		1994	11,852	
		1995	12,049	
		1996	12,154	
	Target	1997	12,258	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. AFRICAN PALM				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	22,652
Comments: See comment for banana.		1991		13,303
		1992		24,261
		1993	25,200	
		1994	25,625	
		1995	26,050	
		1996	26,276	
	Target	1997	26,503	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. COTTON				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	8,198
Comments: See comment for banana.		1991		9,063
		1992		8,802
		1993	9,120	
		1994	9,274	
		1995	9,428	
		1996	9,510	
	Target	1997	9,592	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. RICE (UNMILLED)				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	48,462
Comments: See comment for banana.		1991		34,909
		1992		52,068
		1993	53,914	
		1994	54,822	
		1995	55,731	
		1996	56,216	
	Target	1997	56,700	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. BARLEY				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	4,788
Comments: See comment for banana.		1991		2,687
		1992		5,105
		1993	5,327	
		1994	5,416	
		1995	5,506	
		1996	5,554	
	Target	1997	5,602	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. HARD CORN				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	21,287
Comments: See comment for banana.		1991		19,816
		1992		22,133
		1993	23,682	
		1994	24,081	
		1995	24,480	
		1996	24,693	
	Target	1997	24,906	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. SOFT CORN				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	17,391
Comments: See comment for banana.		1991		19,173
		1992		18,880
		1993	19,347	
		1994	19,674	
		1995	20,000	
		1996	20,174	
	Target	1997	20,348	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. POTATO				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	20,675
Comments: See comment for banana.		1991		18,367
		1992		22,676
		1993	23,001	
		1994	23,388	
		1995	23,776	
		1996	23,983	
	Target	1997	24,190	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. SOYBEAN				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	8,603
Comments: See comment for banana.		1991		10,236
		1992		8,908
		1993	9,571	
		1994	9,732	
		1995	9,893	
		1996	9,979	
	Target	1997	10,065	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. WHEAT				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	3,550
Comments: See comment for banana.		1991		2,659
		1992		3,616
		1993	3,949	
		1994	4,016	
		1995	4,083	
		1996	4,118	
	Target	1997	4,154	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. CASSAVA				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	6,116
Comments: See comment for banana.		1991		5,834
		1992		6,413
		1993	6,804	
		1994	6,918	
		1995	7,033	
		1996	7,094	
	Target	1997	7,156	

Indicator: Gross real income per ha. accruing to farms of 20 ha. or less. MILK				
Unit: 1990 Sucres		Year	Planned	Actual
Source: MAG, INECSEAN	Baseline	1988-90	------	180,799
Comments: See comment for banana.		1991		209,500
		1992		194,957
		1993	201,139	
		1994	204,529	
		1995	207,919	
		1996	209,727	
	Target	1997	211,535	

STRATEGIC OBJECTIVE NO. 2 Increased agricultural income with emphasis on small and medium farms				
PROGRAM OUTPUT NO. 2.1 Reduced distortions in priority markets				
Indicator: Fertilizer, seed and agrochemicals tariff				
Unit: Percent ad val.		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1988-90	------	0
Comments: Target tariff rate should be maintained. This small tariff has been agreed to by the members of the Andean Group under the Agreement of Cartagena.		1991	5	5
		1992	5	5
		1993	5	
		1994	5	
		1995	5	
		1996	5	
	Target	1997	5	
Indicator: Nominal protection rate: exported banana				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	-24.2
Comments:		1991	NA	-22.4
		1992	0	-20.0
		1993	0	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Nominal protection rate: exported cacao				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	- 4.4
Comments:		1991	NA	-10.0
		1992	0	-10.0
		1993	0	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Nominal protection rate: exported coffee				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	-40.6
Comments:		1991	NA	-53.6
		1992	0	-35.0
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Nominal protection rate: imported barley				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	47.7
Comments:		1991	NA	-15.6
		1992	-7	-10.0
		1993	-5	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Nominal protection rate: imported cotton				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central government	Baseline	1990	------	-22.7
Comments:		1991	NA	-17.0
		1992	-8	NA
		1993	0	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Nominal protection rate: imported hard corn				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	-4.0
Comments: Actual for 1990 was incorrectly calculated in previous AP by selecting the wrong point of comparison (part instead of wholesale market).		1991	NA	-6.5
		1992	5	
		1993	5	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Nominal protection rate: imported palm oil				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	8.0
Comments:		1991	NA	-13.6
		1992	-7	-32.0
		1993	-5	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Nominal protection rate: imported rice				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	-49.0
Comments: Large negative value due in part to official prices, which tend to penalize producers.		1991	NA	-24.5
		1992	-12	-42.0
		1993	-10	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Nominal protection rate: imported soybean				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	38.0
Comments:		1991	NA	- 7.9
		1992	5	-13.0
		1993	5	
		1994	0	
		1995	0	
		1996	0	
	Target	1997		

Indicator: Nominal protection rate: imported soybean oil				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	- 7
Comments:		1991	NA	-13.6
		1992	-7	15.0
		1993	7	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Nominal protection rate: imported sugar				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	- 9.4
Comments:		1991	NA	21.4
		1992	10	-12.0
		1993	5	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Nominal protection rate: imported wheat				
Unit: Percent		Year	Planned	Actual
Source: MAG, Central Bank	Baseline	1990	------	23.0
Comments:		1991	NA	-15.8
		1992	-7	-27.0
		1993	5	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

Indicator: Reduction in MAG's expenditures for selected enterprises.				
Unit: 1990 Million Sucres		Year	Planned	Actual
Source: Ministry of Finance.	Baseline	1988-90	------	37,701
Comments:New indicator		1991		49,193
		1992		49,685
		1993	50,182	
		1994	50,182	
		1995	43,204	
		1996	43,204	
	Target	1997	43,204	

Indicator: Investment in agriculture.				
Unit: 1990 Billion		Year	Planned	Actual
Source: MAG, Central B.	Baseline	1988-90-	------	82
Comments: New indicator		1991		104
		1992		NA
		1993	160	
		1994	200	
		1995	240	
		1996	280	
	Target	1997	320	

Indicator: Percent of agricultural GDP in the national budget for agricultural science and technology				
Unit: Percent		Year	Planned	Actual
Source:MAG, Cent. Bank	Baseline	1988-90		0.4
Comments: New indicator "Actual" for 1992 is preliminary. Planned increase in 1993 assumes that the budget provisions of INIAP autonomy law will be implemented.		1991		0.4
		1992		0.5
		1993	2.0	
		1994	2.0	
		1995	2.0	
		1996	2.0	
	Target	1997	2.0	

Indicator: Differential between market and Agricultural Development Bank interest rates for agricultural loans.				
Unit: Percent		Year	Planned	Actual
Source: MAG,	Baseline	1988-90		12.0
Comments:		1991		6.4
		1992		5.7
		1993	0	
		1994	0	
		1995	0	
		1996	0	
	Target	1997	0	

PROGRAM OUTPUT NO. 2.2 Increased efficiency of production, processing and marketing of selected commodities				
Indicator: Calf mortality				
Unit: Percent		Year	Planned	Actual
Source: FUNDAGRO'S baseline study; program coordinator	Baseline	1988	------	25
Comments: Mortality rate increased slightly in 1992 due to inclusion of a new community where mortality was initially high. No projections are made for 1996, 1977 due to uncertainty as to whether dairy will be included in new ag. project.		1991	8	8
		1992	5	9
		1993	8.5	
		1994	5	
		1995	3	
		1996	-	
	Target	1997	-	

Indicator: Cassava processed				
Unit: Millions of tons		Year	Planned	Actual
Source: UAPPY monitoring	Baseline	1988	------	1000
Comments: No 1996 or 1997 projections are made due to uncertainty as to whether cassava will be included in new ag. project. Output fell in 1992 due to drought and lack of timely credit to buy raw cassava.		1991	NA	1767
		1992	2000	1380
		1993	2580	
		1994	2800	
		1995	3000	
		1996	-	
	Target	1997	-	

Indicator: Coffee yields				
Unit: Kilograms per hectare		Year	Planned	Actual
Source: FUNDAGRO's baseline study; field reports	Baseline	1988	------	370
Comments: No data collected in 1991 because impact of coffee renovation had not had time to be felt. FUNDAGRO has not yet submitted data for 1992. No projections are made for 1996 and 1997 due to uncertainty as to whether cassava will be included in new ag. project.		1991	NA	NA
		1992	500	NA
		1993	500	
		1994	550	
		1995	606	
		1996	-	
	Target	1997	-	

Indicator: Milk production-per cow				
Unit: Litres per cow per year		Year	Planned	Actual
Source: FUNDAGRO'S baseline study; program coordinator	Baseline	1988	------	931
Comments: Milk yields declined slightly in 1992 due to inclusion of a new community where yields were initially low. No projections are made for 1996, 1997 due to uncertainty as to whether dairy will be included in new ag. project.		1991	NA	1450
		1992	1620	1418
		1993	1462	
		1995	1853	
		1996	-	
	Target	1997	-	

Indicator: Milk production-per hectare				
Unit: Litres/ hectare/ year		Year	Planned	Actual
Source:	Baseline	1988	------	745
Comments: See comment on milk production per cow.		1991	NA	1595
		1992	2106	1230
		1993	2450	
		1995	2780	
		1996	-	
	Target	1997	-	

Indicator: Farmgate price for milk.				
Unit:Sucres/liter		Year	Planned	Actual
Source: Mag, Central Bank.	Baseline	1992	------	299
Comments:New indicator Values adjusted for inflation. No projections made for 1996, 1997 due to uncertainty as to whether dairy will be included in new ag. project.		1992	------	------
		1993	TBD	
		1994	TBD	
		1995	TBD	
		1996	-	
	Target	1997	-	

Indicator: Farmgate price for coffee.				
Unit: Dollars/quintal		Year	Planned	Actual
Source:	Baseline	1992	------	46
Comments: New indicator. Values adjusted for inflation. No projections made for 1996, 1997 due to the uncertainty as to whether coffee will be included in new ag. project.		1992	------	------
		1993	TBD	
		1994	TBD	
		1995	TBD	
		1996	TBD	
	Target	1997	-	

Indicator: Farmgate price for cassava				
Unit: Sucres/MT		Year	Planned	Actual
Source:	Baseline	1992	------	66,000
Comments:New indicator. Values adjusted for inflation. No projections made for 1996, 1997 due to uncertainty as to whether cassava will be included in new ag. project.		1993	78,000	
		1994	TBD	
		1995	TBD	
		1996		
	Target	1997		

STRATEGIC OBJECTIVE No.3 Increased use, effectiveness, and sustainability of family planning and selected health services

Indicator: Total Fertility Rate				
Unit: Rate		Year	Planned	Actual
Source: National Survey	Baseline	1989	------	3.83
Comments: National survey will be carried out at the end of CY93 and results will be available in CY1994. Target value corresponds to target mentioned in the project # 518-0084 PP		1991	3.75	
		1992	3.71	
		1993	3.67	
		1994	3.6	(Survey results)
		1995	3.58	
		1996	3.54	
	Target	1997	3.50	

Indicator: Contraceptive Prevalence Rate				
Unit: Percent of use		Year	Planned	Actual
Source:National Survey	Baseline		------	52.9
Comments: National survey will be carried out at the end of CY93 and results will be available in CY1994. Target value corresponds to target mentioned in the project 518-0084 PP		1991	54.2	
		1992	54.9	
		1993	55.5	
		1994	56.1	(Survey results)
		1995	56.8	
		1996	57.4	
	Target	1997	58.0	

Indicator: Percentage of cost recovery of selected family planning NGOs				
Unit: Percent cost recovery		Year	Planned	Actual
Source: Financial audits	Baseline	1991	------	30.0
Comments: Base-line value corresponds to percent mentioned in the Population PP.		1992	35.8	
		1993	41.7	
		1994	47.5	
		1995	53.3	
		1996	59.2	
	Target	1997	65.0	

Indicator: Infant Mortality Rate				
Unit: Rate		Year	Planned	Actual
Source: National Survey	Baseline	1989	------	53.0
Comments: The target value is incorporated in CY1994 since the Child Survival Project PACD, which measures this indicator, is 12/94.		1991	47.8	
		1992	45.2	
		1993	42.6	
	Target	1994	40.0	(Survey results)
		1995		
		1996		
		1997		

Indicator: Percent of MOH budget allocated to selected provincial and area levels				
Unit: Percent of budget		Year	Planned	Actual
Source: MOH and MOF financial statistics	Baseline	1993	-----	TBD
Comments: The base-line and target values will be determined in April 1993.		1994		
		1995		
		1996		
	Target	1997		

Program Output No. 3-1: Increased number of users of family planning and selected health services.				
Indicator: Percent new users of NGO FP services by Age (A) and Gender (G)				
Unit: Percent new users		Year	Planned	Actual
Source: NGO's Statistics			A G	A G
Comments: Age refers to Woman on Reproductive Age under 25 years and gender refers to male methods	Baseline	1991		30.0;15.0
		1993	36.7;20.0	
		1994	40.0;22.5	
		1995	43.3;25.0	
		1996	46.7;27.5	
	Target	1997	50.0;30.0	
Indicator: Population at age 1 that is fully immunized (DPT3)				
Unit: Percent of Population		Year	Planned	Actual
Source: National Survey	Baseline	1989	------	68.9
Comments: The sub-indicator mentioned in this table only refers to three doses of DPT. The base-line value corresponds to the 1989 national survey and the target value corresponds to an increase by 20% of the base-line figure. Project PACD 12/94.		1990	71.7	
		1991	74.4	
		1992	77.2	
		1993	79.9	
	Target	1994	82.7	(Survey results)
		1997		

Indicator: Population at age 1 that is fully immunized (Polio 3)				
Unit: Percent of Population		Year	Planned	Actual
Source: National Survey	Baseline	1989	------	70.6
Comments: The sub-indicator mentioned in this table only refers to 3 doses of Polio. The base-line value corresponds to the 1989 national survey and the target value corresponds to an increase by 20% of the base-line figure. Project PACD 12/94.		1990	73.4	
		1991	76.2	
		1992	79.1	
		1993	81.9	
	Target	1994	84.7	(Survey results)
		1996		
		1997		

Population at age 1 that is fully immunized (Measles)				
Unit: Percent of Population		Year	Planned	Actual
Source: National Survey	Baseline	1989	----	68.7
Comments: The subindicator mentioned in this table only refers to Measles immunization. The base-line value corresponds to the 1989 national survey and the target value corresponds to an increase by 20% of the base-line figure.		1990	71.4	
		1991	74.2	
		1992	76.9	
		1993	79.7	
	Target	1994	82.4	(Survey results)
		1997		

Indicator: Population at age 1 that is fully immunized (BCG)				
Unit: Percent of Population		Year	Planned	Actual
Source: National Survey	Baseline	1989	---	92.1
Comments: The subindicator mentioned in this table only refers to BCG immunization. The base-line value corresponds to the 1989 national survey and the target value is to at least maintain the base-line figure.		1990	92.1	
		1991	92.1	
		1992	92.1	
		1993	92.1	
	Target	1994	92.1	(Survey results)
		1997		

Indicator: Women of reproductive age that are immunized with tetanus toxoid				
Unit: Percent of WRA immunized		Year	Planned	Actual
Source: National Survey	Baseline	1989	------	41.4
Comments: The target value is incorporated in CY1994 since the Child Survival Project PACD, which measures this indicator, is 12/94.		1990	45.1	
		1991	48.8	
		1992	52.7	
		1993	56.3	
	Target	1994	60.0	(Survey results)
		1997		

Indicator: Prevalence of diarrheal disease				
Unit: Percent of Population under age 1		Year	Planned	Actual
Source: National Survey	Baseline	1989	----	25
Comments: The target value is incorporated in CY1994 since the Child Survival Project PACD, which measures this indicator, is 12/94.		1990	24	
		1991	23	
		1992	22	
		1993	21	
	Target	1994	20	
		1997		
Indicator: Rural population with access to water (W) and sanitation (S).				

Percent of health centers implementing and continuing FP/MCH norms				
Unit: Percent of use		Year	Planned	Actual
Source: MOH and IESS statistics	Baseline	1993		TBD
Comments: The baseline and target values will be established in June 1993. The accomplishment of 3 subindicators will measure the overall progress of this indicator.		1994	TBD	
		1995	TBD	
		1996	TBD	
	Target	1997	TBD	

Percent of Health Centers with vaccines available according to MOH norms. A) Existence of DPT and BCG vaccines; B) Working Cold Chain in center				
Unit: Percent Health Centers		Year	Planned A B	Actual A B
Source: MOH Statistics	Baseline	1993		76.7; 84.9
Comments: Two sub - indicators will be measured in random sample of MOH health centers, sub-centers and posts. Project PACD is 12/1994.	Target	1994	92.0;93.4	

Percent of Health Centers meeting basic standards.				
Unit: Percent of Health Center		Year	Planned	Actual
Source: MOH norms and statistics	Baseline	1993		TBD
Comments: Three sub-indicators will be measured and reported upon. All three will be measured and a unit will be counted when all three are positive. Baseline and target values will be incorporated in June 1993.		1994	TBD	

Percent of rural water and sanitation units with an adequate operations and maintenance system.				
Unit: Percent		Year	Planned	Actual
Source: IEOS's statistics	Baseline	1992	---	0
Comments: Three sub-indicators will be measured and reported upon. All three will be measured and a unit will be counted when all three are positive.	Target	1993	44%	
		1992	62%	
		1995	84%	
		1996	92%	
		1997	100%	

Percent of communities with operating hygiene, educations, programs.				
Unit: Percent		Year	Planned	Actual
Source: IEOS's statistics	Baseline	1990	---	0
Comments: Three sub-indicators will be measured and reported upon. All three will be measured and a unit will be counted when all three are positive.		1991		12
		1992		33
	Target	1993	44	
		1994	62	
		1995	84	
		1996	92	
		1997	100	

Urban Water systems rehabilitated and expanded in three major municipalities.				
Unit: Cost recovery		Year	Planned	Actual
Source: Municipality Statistics	Baseline	1991	---	0
		1992		1
		1993	2	
	Target	1994	3	

Program Output No.3.3: Improved policy and institutional environment for long term sustainability of family planning and selected health services				
Indicator: Capital funds established by selected family planning NGOs				
Unit: U.S. dollars		Year	Planned	Actual
Source: Financial audits	Baseline	1991	------	0
Comments: According to NGO's projections the capital fund level will have to be increased to a target in 1997 of US$1,000,000.		1992	100,000	
		1993	200,000	
		1994	400,000	
		1995	600,000	
		1996	800,000	
	Target	1997	1.000,000	

Percent of selected provinces and their areas with established MCH program planning and budgetary procedures.				
Unit: Percent		Year	Planned	Actual
Source: MOH Statistics	Baseline	1989	----	0
Comments: Values corresponds to 8 provinces and 90 areas.		92		95
	Target	93	98	
		94	100	
		95		
		96		
		97		

Percent of local water authorities collecting adequate user fees.				
Unit: Percent		Year	Planned	Actual
Source: IEOS statistics	Baseline	1992		0
Comments: Project PACD in 12/93.	Target	1993	44	
		1994	62	
		1995	84	
		1996	92	
		1997	100	

Indicator: Percent of cost recovery in selected public hospitals.				
Unit: Percent		Year	Planned	Actual
Source: HCF Project	Baseline	1994		TBD
Comments: Baseline and target values will be incorporated in 1994 when HCF project initiates.		1995	TDB	
		1996	TDB	
	Target	1997	TDB	

Mechanism for recovering operating costs of municipal water systems established in three major municipalities				
Unit: Cost recovery		Year	Planned	Actual
Source: Municipality Statistics	Baseline	1991	----	0
		1992		1
		1993	2	
		1994	3	

STRATEGIC OBJECTIVE NO. 4 Improved responsiveness of democratic institutions with greater citizen participation				
Indicator: AOJ - Number of reform proposals enacted and being implemented down through superior Court level. (PPI)				
Unit: Number		Year	Planned	Actual
Source: Official Registry, Contractor	Baseline			0
Comments: * Decisions on how to measure this indicator will be made during the Justice Sector Reform (JSR) project design.		1992	*	
		1993		
		1994		
		1995		
		1996		
	Target	1997		

Indicator: AOJ - Level of public confidence in the Judicial System. (PPI)				
Unit: Percentage		Year	Planned	Actual
Source: General public (survery)	Baseline			*
Comments: * Decisions on how to measure this indicator will be made during JSR Project Design		1992		
		1993		
		1994		
		1995		
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 4 Improved responsiveness of selected democratic institutions with greater citizen participation				
PROGRAM OUTPUT NO. 4.1 Improved operation of justice system				
Indicator: AOJ - Number of draft proposals for reform presented to senior GOE officials for review and action. (OI)				
Unit: Number		Year	Planned	Actual
Source: CLD, ILANUD, Counterparts	Baseline			0
Comments: Both the revised Code of Criminal Procedure (created under the Administration of Justice Project) & the Constitutional Reform Package were presented to senior GOE officials in 1992. *Decisions on how to further measure this indicator will be made in conjuction with JSR Project Design.		1992	1	2
	2	1993	*	
		1994		
		1995		
		1996		
	Target	1997		

Indicator: AOJ - Number of effective planning, budgeting & evaluation systems established within the Supreme Court and Superior Courts of project jurisdictions. (OI)				
Unit: Number (*)		Year	Planned	Actual
Source: Contractor, courts	Baseline			
Comments: * Decisions on how to measure this indicator will be made during JSR Project Design.		1992		
		1993	*	
		1994		
		1995		
		1996		
	Target	1997		

Indicator: AOJ - Number of institutional strengthening elements established in NGOs promoting project purpose. (OI)				
Unit: Number (*)		Year	Planned	Actual
Source: Contractor, NGO	Baseline			*
Comments: *Decisions on how to measure this indicator will be made during JSR Project Design.		1992		
		1993		
		1994		
		1995		
		1996		
	Target	1997		

Indicator: AOJ - Number of dissemination activities conducted by NGO to promote the AOJ reform process. (OI)				
Unit: Number		Year	Planned	Actual
Source: NGO	Baseline			0
Comments: Information dissemination meetings were held under the Mission's contract with the Corporación Latinoamericana para el Desarrollo. *Decisions on how to further measure this indicator will be made in conjunction with JSR Project design.		1992	2	2
		1993	*	
		1994		
		1995		
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 4 Improved responsiveness of selected democratic institutions with greater citizen participation				
PROGRAM OUTPUT NO. 4.2. Current and/or potential leaders equipped with new skills and knowledge.				
Indicator: Number of people trained in U.S.				
Unit: Number		Year	Planned	Actual
Source:	Baseline			*
Comments: * Baseline is not a valid comparison tool for this indicator.		1992	60	55
		1993	64	---
		1994	76	---
		1995	50	---
		1996	0	---
	Target	1997	250	---

Indicator: Number of people exposed to democratic values and activities in U.S.				
Unit: Number		Year	Planned	Actual
Source:	Baseline			0
Comments: * Of the 55 participants trained, 10 participants are still in training. Thus, their programs have not yet been evaluated.		1992	60	45*
		1993	64	---
		1994	76	---
		1995	50	---
		1996	0	---
	Target	1997	250	---

Indicator: Percent of CLASP trainees learning new skills.				
Unit: Percent		Year	Planned	Actual
Source:	Baseline			0
Comments: * This indicator has not been evaluated because trainees have not been back in country for 6 months yet. The indicator will not be evaluated on a cumulative basis, but on a yearly basis.		1992	85%	*
		1993	85%	*
		1994	85%	*
		1995	85%	*
		1996		
	Target	1997		

Indicator: Percent of CLASP trainees applying new skills. PPI				
Unit: Percent		Year	Planned	Actual
Source:	Baseline			0
Comments: * This indicator has not been evaluated because trainees have not yet been back for six months. The indicator will not be evaluated on a cumulative basis, but a yearly basis.		1992	85%	*
		1993	85%	*
		1994	85%	*
		1995	85%	*
		1996		
	Target	1997		

Indicator: Percent of CLASP trainees showing more effectiveness in community, professional or institutional activities.				
Unit: Percent		Year	Planned	Actual
Source:	Baseline			0
Comments: * This indicator has not been evaluated because trainees have not been back in country for six months yet. The indicator will not be evaluated on a cumulative basis, but on a yearly basis.		1992	85%	*
		1993	85%	
		1994	85%	
		1995	85%	
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 4 Improved responsiveness of selected democratic institutions with greater citizen participation				
PROGRAM OUTPUT NO. 4.3 Students and professors equipped with new skills and knowledge.				
Indicator: Percent of professors adopting RTAC texts.				
Unit: Percent		Year	Planned	Actual
Source: RTAC Surveys	Baseline			0
Comments: Of the 3,000 titles avaialable in the RTAC catalogue, only 140 relate to education and the social sciences. However, education and the social sciences account for 31% of the professors and students. Therefore, for reporting purposes, the total number of professors and students has been reduced by 31% to 8,280 and 128,340 respectively.		1992	40%	36.14%
		1993	50%	
		1994	60%	
		1995	70%	
		1996	80%	
	Target	1997	80%	

Indicator: Number of RTAC texts bought by students.				
Unit: Number		Year	Planned	Actual
Source:	Baseline	1992	70,000*	20,709
Comments: The 1992 planned figure was suggested by the contractor as appropriate for first year sales in the absence of any concrete experience in Ecuador. * Figures for years 1993 - 1996 are based on actual implementation experience and do not include books purchased for library use.		1993	32,000	
		1994	47,000	
		1995	55,000	
		1996	56,000	
	Target	1997	210,709	

Indicator: Percent of professors using RTAC texts for classroom teaching.				
Unit: Percent		Year	Planned	Actual
Source: RTAC Surveys	Baseline			0%
Comments: * The actual figure is based on the percentage of professors adopting texts.		1992	50%	41.6%*
		1993	60%	
		1994	70%	
		1995	80%	
		1996	90%	
	Target	1997	90%	

Indicator: Percentage of professors using RTAC texts who receive improved teaching evaluations from students. PPI				
Unit: Percent		Year	Planned	Actual
Source:	Baseline			0
Comments: * This indicator will be measured through a to-be-designed survey instrument.	0	1992	*	
		1993		
		1994		
		1995		
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 5 Stem loss of biodiversity & accelerate a transition from resource mining to resource management in & around selected protected areas				
Indicator: Change in abundance and distribution of species indicating diversity in and around selected protected areas				
Unit: Rate of change.		Year	Planned	Actual
Source: Inventory of key species: SUBIR and Charles Darwin	Baseline	1994	------	
Comments: This indicator measures a rate of change in species diversity. Although the SUBIR and Charles Darwin projects were authorized in August of 1991 and September of 1991 respectively, SUBIR started field implementation in August of 1992 and Charles Darwin was only recently asked to develop this data. The first step is to undertake an inventory. This involves establishing plots in 1993 and determining which species are present. By 1994, this data will be collected and analyzed. In the Galapagos, data will be available earlier, for the next Action Plan.				
		1994	Baseline establis hed	
		1995	Rate estab- lished	
		1996	No data	
	Target	1997	depends on rate	

Indicator: Change in land cover in and around selected protected areas				
Unit: hectares of forest cover		Year	Planned	Actual
Source: Remote sensing, aerial photography	Baseline	1994	------	TBD
Comments: The baseline for this indicator will not be established until 1994 because aerial photos need to be taken and the information they present needs to be verified at the field level by direct observation during 1993/94. Surveys will be made every three years. Therefore, in 1995 and 1996, no data will be collected.		1994	Baseline establis hed	
		1995		
		1996		
		1997	TBD	
	Target	1997	TBD	
Indicator: % land area under non-destructive management in & around selected communities				
Unit: Hectares of forest subject to forest mgmt. & has. in agroforestry		Year	Planned	Actual
Source: Survey of land use practices in and around selected communities under SUBIR.	Baseline	1994	------	TBD

Baseline data will not be available until 1994 because the survey of land use will not take place until October of 1993. Thereafter, the survey will be made every 3 years, which is why data will not be collected in 1995 and 1996.				
		1995		
		1996		
	Target	1997	TBD	

STRATEGIC OBJECTIVE NO. 5 Stem loss of biodiversity & accelerate a transition from resource mining to resource management in & around selected protected areas				
PROGRAM OUTPUT NO. 5.1 Models to generate income and employment from non-destructive use of resources developed and tested in selected communities.				
Indicator: No. of models being tested in communities				
Unit: No. of models		Year	Planned	Actual
Source: Research reports of SUBIR, Tagua Nut, Coastal Resources Management	Baseline	1992	0	0
Comments: Models refer to packages of tech. and organizational practices identified and adapted for Ecuador, and implemented at the community level.		1993	2	
		1994	3	
		1995	5	
		1996	6	
	Target	1997	8	
Indicator: No. of communities adapting models.				
Unit: No. of communities		Year	Planned	Actual
Source: Technical reports, extension agents workplan	Baseline	1992	0	0
Comments: Indicator is a sum of number of communities per model.		1993	12	
		1994	15	
		1995	38	
		1996	TBD	
	Target	1997	TBD	

Indicator: For each model, number and percent of persons (DGEA) in these communities with income from non-destructive resource use.				
Unit: Persons		Year	Planned	Actual
Source: SUBIR socio-economic survey:4/93 Tagua:8/93. Survey every 3 years.	Baseline	1993	TBD	0
Comments: After analysis of the survey, a baseline will be determined and targets will be set for each subsequent year.				
		1994	TBD	
		1995	TBD	
		1996	TBD	
	Target	1997	TBD	

Indicator: No. local or regional interorganizational committees for conflict resolution operating in selected areas.				
Unit: Number of committees		Year	Planned	Actual
Source: SUBIR and Coastal Resources Management M&E plans.	Baseline	1993	0	0
Comments: Criteria exist in SUBIR M and E plan for defining "operating" such as committee having meetings, steps taken to change natural resources policies or practices, number of conflict situations identified, etc.				
		1994	5	
		1995	TBD	
		1996	TBD	
	Target	1997	TBD	

STRATEGIC OBJECTIVE NO. 5 Stem loss of biodiversity & accelerate a transition from resource mining to resource management in & around selected protected areas				
PROGRAM OUTPUT NO. 5.2 Area under active encroachment in selected protected areas stabilized or reduced.				
Indicator: Number of households illegally occupying protected areas in Cotacachi Cayapas, Cayambe-Coca and Yasuni Parks.				
Unit: Households		Year	Planned	Actual
Source: MAG status reports; census of population in the protected area, aerial photography	Baseline	1994	------	-------
Comments: Baseline cannot be established until 1994 because aerial photography and census data will not be analyzed until that time. In 1993, aerial photographs and census data will be collected. Census will be performed every three years, so no data will be available in 1995 and 1996.				
		1994	TBD	
		1995		
		1996		
	Target	1997	TBD	
Indicator: Number of hectares exploited by households illegally occupying protected areas in Cayambe Coca, Cotacachi Cayapas and Yasuni Parks.				
Unit: Number of hectares.		Year	Planned	Actual
Source: MAG status reports and aerial photography.	Baseline	1994	------	

Comments: As discussed above, the information will be collected in 1993 and will be analyzed by 1994. This indicator will be measured every three years.				
		1994	TBD	
		1995		
		1996		
	Target	1997	TBD	
		Year	Planned	Actual
Source: Periodic reports, project files	Baseline	1992	------	0
STRATEGIC OBJECTIVE NO. 5 Stem loss of biodiversity & accelerate a transition from resource mining to resource management in & around selected protected areas				
PROGRAM OUTPUT NO. 5.3 Increased capacity among local community and regional organizations and Ecuadorian non-governmental environmental organizations to plan and administer programs and policy and monitor resource and environmental status.				
Indicator: No. local organizations with capacity for effective management of biological resources.				
Unit: No. of organ.		Year	Planned	Actual
Source: SUBIR project M and E.	Baseline	1993	------	TBD
Comments: Based on the diagnostic study performed during project development, SUBIR will apply a set of standards, to determine which organizations will "graduate" into the category of "effective" over time.				
		1993	0	
		1994	10	
		1995	TBD	
		1996	TBD	
	Target	1997	TBD	

Indicator: For Ecuadorian environmental NGO's working with USAID or AID projects, capacity to carry out their mandates and contribute to stemming loss of biodiversity in Ecuador.				
Unit: Environmental NGO's with agreements to undertake organization strengthening with USAID or one of its projects.		Year	Planned	Actual
Source: ANRO	Baseline	1992	0	0
Comments: Effectiveness will be monitored by ANRO according to the following indicators from project M&E plans: accounting system, % of annual budget from AID (including PL480), size of annual budget, individual membership cont. as % of budget, size of staff, no. of proposals funded and various other criteria.		1992	0	
		1993	1	
		1994	2	
		1995	2	
		1996	2	
	Target	1997	2	

STRATEGIC OBJECTIVE NO. 5 Stem loss of biodiversity & accelerate a transition from resource mining to resource management in & around selected protected areas				
PROGRAM OUTPUT NO. 5.4 Improved conditions created through policy change to encourage resource management rather than mining.				
Indicator: Fees collected from users of national parks and dedicated to park management.				
Unit: Dollars		Year	Planned	Actual
Source:National Institute of Forests and Natural Areas	Baseline	1992	Data not availabl e	TBD
Comments: monetary measures reported in real terms.		1993	TBD	
		1994	TBD	
		1995	TBD	
		1996	TBD	
	Target	1997	TBD	
Indicator: Hectares covered by environmental management plans submitted by oil companies and approved by the GOE.				
Unit: Hectares		Year	Planned	Actual
Source: National Institute of Forests and Natural Areas, Sub-Secretariat for the Environment (Ministry of Energy and Mines), Petro-Ecuador.	Baseline	1993	TBD	TBD
Comments:		1993	TBD	
		1994	TBD	
		1995	TBD	
		1996	TBD	
	Target	1997	TBD	

Indicator: Hectares reforested				
Unit: Hectares		Year	Planned	Actual
Source: National Institute of Forests and Natural Areas.	Baseline	1992	3,700	3,700
Comments:				
		1993	5,000	
		1994	15,000	
		1995	25,000	
		1996	30,000	
	Target	1997	50,000	

Table 2

STRATEGIC OBJECTIVE NO. 1

LAC BUREAU OBJECTIVE

Support the achievement of broadly-based, sustainable economic growth

LAC BUREAU SUB-OBJECTIVES

Encourage economic policies that promote investment, productive employment, and outward oriented diversification

Encourage a vigorous private sector response

MISSION STRATEGIC OBJECTIVE

Increased trade & employment in non-traditional exports

PROGRAM OUTPUTS

Greater product diversification in non-traditional exports

Increase investment in NT export industries

Improvement in the trade and investment climate

PROGRAM ACTIVITIES

Technology transfer in production, processing and marketing. Promotion campaigns participation in fairs; market information service. High value exports identified; quality control enhanced. Private export services firms established; training in export marketing

Joint ventures promotion
Business tours, technical assistance and use of investor networks.
Publications and training
Capital markets development.
Privatization transactions.

Passage and implementation of privatization & capital markets law. Development non-discriminatory legal framework respectful of IPR and conducive investment. Signing of free trade agreements and qualification for ATPA. Elimination of NTB's such as trade restrictions, prohibitions, red tape, etc. for both exporters and importers. Development of export strat. & improved GOE/private sector coordinator.

STRATEGIC OBJECTIVE NO. 2

LAC BUREAU OBJECTIVE

Support the achievement of broadly-based, sustainable economic growth

LAC BUREAU SUB-OBJECTIVES

Encourage a vigorous private sector response

Encourage increased economic opportunities for the disadvantaged

MISSION STRATEGIC OBJECTIVE

Increased agricultural income, with emphasis on small and medium farms

PROGRAM OUTPUTS

Reduced Distortions in priority markets

Increased efficiency of production, processing and marketing of selected commodities

PROGRAM SUB-OUTPUTS

Improved Agricultural policy, institutional and legal environment established

Improved production, processing and marketing technologies adopted

PROGRAM ACTIVITIES

Development of a sustainable public and private institutional capacity in agricultural policy analysis and decision-making;
Provision of information and analysis in key policy areas;
Agricultural policy dialogue, including proposals, draft laws, dialogue and negotiation, and implementation;
Establishment of sustainable agricultural information systems;
Improvement of human resources in agricultural information and policy analysis

Dissemination of improved technologies by extension agents

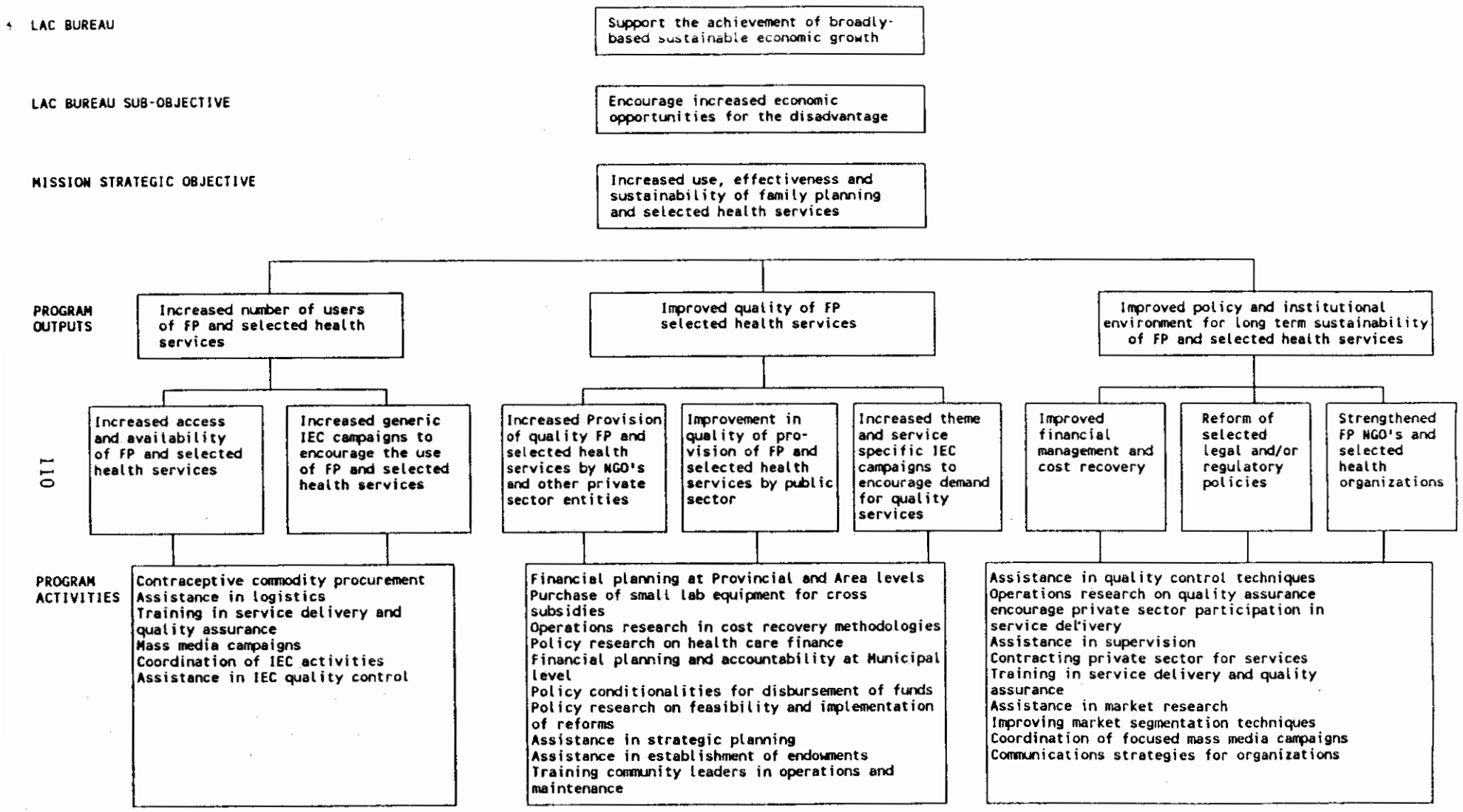
Development and validation of new technologies

Strengthening of agricultural research and extension institution

Development of new local markets

Improvement of human resources in agricultural production

STRATEGIC OBJECTIVE No. 3



STRATEGIC OBJECTIVE No. 4

LAC BUREAU OBJECTIVE

Support the evolution of stable, participatory democratic societies.

LAC BUREAU SUB-OBJECTIVES

Strengthen civilian government institutions.

Strengthen public participation in the democratic process.

MISSION STRATEGIC OBJECTIVE

Improved responsiveness of selected democratic institutions with greater citizen participation

SUB-OBJECTIVES

- Improved responsiveness of selected democratic institutions
- Greater citizen participation to encourage responsive institutions

PROGRAM OUTPUTS

- Improved operation of justice system
- Current and/or potential leaders equipped with new skills and knowledge
- Students and professors equipped with new skills and knowledge

PROGRAM ACTIVITIES

- Draft proposals for reform and present to senior GOE officials for review and action
  Establish effective planning, budgeting & evaluation systems within the Supreme Court and superior courts of project jusrisdictions.
  Strengthen two project NGOs to promote project purpose.
  Conduct dissemination activities to promote reform process through an NGO.
- Leaders and potential leaders equiped with skills in the U.S.
  Follow-up activities conducted for returned CLASP II participants.
- Increase in number of professors adopting textbooks.
  Increase sales of textbooks
  Educate professors in the use of textbooks

STRATEGIC OBJECTIVE NO. 5

LAC BUREAU OBJECTIVE

Support the achievement of broadly-based, sustainable economic growth

LAC BUREAU SUB-OBJECTIVES

Encourage preservation and use of the natural resource base.

MISSION STRATEGIC OBJECTIVE

Stem loss of biodiversity and accelerate a transition from resource mining to resource management in and around selected protected areas.

PROGRAM OUTPUTS

- Models to generate income & employment from non-destructive use of resources developed & tested in selected communities.
- Area under active encroachment in selected protected areas stabilized or reduced.
- Increase capacity among local community & regional orgn's & Ecuadorian environ. NGOs to plan & administer progs. & policy & monitor resource & environment status.
- Improved conditions created through policy change to encourage resource management rather than resource mining.

PROGRAM ACTIVITIES

- Identify & adapt technologies. Develop community projects. Increase local participation in ecotourism. Develop artesanal activities
- Delineate park boundaries. Train park personnel Strengthen park administration. Support central office of ANVS.
- Strengthen community organizations. Strengthen NGOSs. Create conditions for local conflict resolution.
- Carry out policy dialogue (proposals, draft laws, dialogue & negotiation, implementation)

Section III

Portfolio Analysis

III: PORTFOLIO ANALYSIS

After two years of having started its strategic planning experiment, the Mission has achieved progress in the following areas:

1. Portfolio consolidation aimed at reducing the number of new project starts, limiting ongoing project extensions, and maintaining the size and scope of the project portfolio in keeping with the resources available and with the programmatic framework established within the Mission's five Strategic Objectives; and,

2. Reaffirming USAID/Ecuador's program statement as contained in the Program Objectives Document that was presented in FY 92, which emphasized those activities and interventions where the Mission can achieve a measurable development impact and that are supportive of LAC Bureau Objectives and Sub-Objectives.

Consistent with the above statements, during FYs 94 and 95 the Mission intends to authorize only two new project starts: a Health Care Financing Project (518--0113) in FY 94; and a Training for Development Project (518-0117) in FY 95. In addition, the Mission will authorize the extension of the ESF funded Economic Reform Program if ESF becomes available in FYs 93 and 94.

New Project Descriptions (NPDs) included with this Action Plan submission are:

1. Economic Stabilization Program, 518-0116, and
2. Training for Development Project 518-0117.

The NPD for the Health Care Financing Project, 518-0113, was already submitted and approved in Washington during USAID/Ecuador's FYs 93-94 Action Plan review.

The reduction in new project starts and the extension of ongoing activities will help the Mission to enhance the development impact of its limited program resources. It will also permit USAID/Ecuador to maintain the kind of flexibility that is necessary in order to be responsive to new initiatives in the future, to the extent that resources permit and that any such new initiatives are fully consistent with the Mission's programmatic framework and objectives.

The NPDs that are included below describe in more detail the linkage of the proposed new project activities with the Mission's Strategic Objective framework.

A. New Initiatives

1. FY 93 and 94 Program Extension

LAC Bureau Objective

1) To support the achievement of broadly-based, sustainable economic growth.

LAC Bureau Sub-Objective

1) To encourage GOE economic stabilization and structural reform efforts.

Mission Strategic Objective

Policy reform.

Program Title: **Economic Stabilization and Recovery Program III**

Program Number: 518-0116

Program Funding: FY 93: $10,000,000
FY 94: $15,000,000
LOP: $21,200,000

Type of Funding: Economic Support Fund (ESF)

A. Consistency of Program with Mission Strategy

All of the activities of the Mission depend upon economic stability and the rationalization of the state. For this reason, policy reform is a cross-cutting objective. USAID/Ecuador will have no success in increasing trade and employment and agricultural productivity, for example, if the Ecuadorian economy continues in a state of crisis, with high inflation, high external debt and little foreign investment. If the State is not reduced in size, it will continue to be impossible, for example, to deliver basic health services or to adequately staff national parks with guards due to a lack of resources.

B. Relationship to USAID and Other Donor Activities

This program will be a continuation of the Economic Stabilization and Recovery Program III, which has already resulted in the creation of a National Council on Modernization of the State and which has demonstrated with concrete actions the support of the United States for the economic stabilization program of the Duran-Ballen Administration. The stabilization program has been

successful so far, having reduced inflation and increased the international reserves of the country.

This program is also complementary to the Trade and Investment Project (518-0094), since technical assistance to the GOE is available from the Fundacion Ecuador, INCAE and other sources under this project.

This program also complements conditions in the proposed IMF stand-by agreement and the World Bank structural reform program.

C. Relationship of Program to Overall USAID Policy Objectives

The stabilization program of the GOE contains many policies which USAID/Ecuador has been promoting for some time. Through our Policy Dialogue Project, workshops and networking sessions had been held which analyzed the problems of the Ecuadorian economy. Prior to the August 1992 elections, future Cabinet ministers in the new Administration actively participated in these events establishing a USAID influence and credibility with the economic team of the GOE. A glance at the FY 93-94 Action Plan and the Policy Matrix included within shows how important the economic stabilization program is to the Mission. Under the section General Policy Reform Objective, one notes "Reduce fiscal deficit, privatization of state enterprises, depoliticize GOE budgetary process, reduce subsidies for gasoline and electricity, tight money policies, etc." All of these are objectives of the economic stabilization package announced on September 3, 1992.

Despite the good progress thus far, there is far to go. Long-term reduction of the fiscal deficit, for example, will require privatization of many state enterprises, a process which has just begun with the presentation to Congress of a Law on the Modernization of the State. None of the economic measures taken or contemplated by the GOE has been popular. Therefore, USAID/Ecuador proposes a package of policy conditionality and local currency programming which will provide the incentive and the means for the GOE to maintain its macroeconomic goals and keep structural reform on track.

D. Program Description

USAID/Ecuador proposes to include the following conditionality in the agreement establishing this program:

1. The GOE must show continued progress in stabilizing the economy, as evidenced by the signing of a Stand-By Agreement with the International Monetary Fund.

2. The Law on the Modernization of the State must be passed. This law will open the door to privatization as well as alternative management arrangements within the public sector.

3. Evidence that the GOE has initiated the privatization of at least one major state-owned enterprise.

4. Evidence that the Council on the Modernization of the State (CONAM) is receiving an assignation of GOE budgetary resources adequate to allow it to comply with its mandate.

USAID/Ecuador proposes that dollar grant fund disbursed under the program have the following eligible uses:

1. Buy-down of bilateral and multilateral development bank debt.

2. Imports from the United States on a reimbursement basis.

3. Judicial Sector Reform Project (518-0105) (up to $3 million).

USAID/Ecuador proposes that local currency generated under the program have the following eligible uses:

1. OE Trust Fund

2. Support to the Social Emergency Fund. Local currency under the FY 92 cash transfer (518-0116) has already been programmed to initiate the fund's activities.

3. Support to privatization activities (local currency under the FY 92 cash transfer has been programmed for this purpose, to be channeled through CONAM).

4. Counterpart to USAID bilateral projects.

5. Support to other GOE/USAID priority development activities.

USAID/Ecuador is currently preparing to undertake a General Assessment of the financial management systems of the GOE in order to have a detailed analysis of appropriate financing mechanisms in the PAAD.

E. Planned Implementation Arrangements

USAID/Ecuador has a long-standing relationship with the Ministry of Finance, Subsecretariat of Public Credit. This subsecretariat is responsible for monitoring both our dollar special account and ESF local currency and this arrangement would continue under this Program. Local currency would be channeled through the normal budget of the GOE if possible, given the General Assessment and timing considerations.

F. Sustainability of Proposed Activities

G. Mission Management Role

The Office of Program and Project Development (PPD) of the Mission is responsible for developing and monitoring ESF programs. The Mission currently has one FSN Project Development Assistant assigned as project officer. Given the long-standing and excellent management of ESF programs on the part of the Subsecretariat of Credit, it is anticipated that most of the burden of managing the program will fall on this GOE unit, and that current management responsibilities within the Mission will be adequate.

H. Potential Issues

1. As the proposed limited funding in NSD-18 resources the Mission will have to strike a balance between anti-narcotics and economic conditionality.

2. FY 95 New Project

LAC Bureau Objective

1) To support the achievement of broadly based, sustainable economic growth

2) To support the evaluation of stable, participatory democratic societies.

LAC Bureau Sub-Objective

1) To encourage a vigorous private sector response

2) To encourage increased economic opportunities for the disadvantaged.

3) Encourage privatization and sustainable use of natural resources base.

4) To strengthen civilian government institutions

5) To strengthen public participation in the democratic process

Mission Strategic Objective

This project proposed to respond to all five Mission Strategic Objectives

Project Title:	**Training for Development**		
Project Number:	518-0117		
Project Funding:	FY 95:	$1,200,000	(G)
	LOP:	$6,000,000	(G)
Type of Funding:	Development Programs (DP)		

A. Consistency with Mission Strategy

Within its overall Strategic Objectives framework, the Mission is committed to assisting Ecuador to forge a consensus for economic and social change, to strengthen institutions that provide equitable and sustainable access to basic services, and to strengthen democratic institutions. An expanded and strengthened human resource base is crucial to these activities.

1. Project Goal and Preliminary Verifiable Indicators for Goal: The proposed project goal is "To promote economic and social

change". The preliminary verifiable indicator is "Increased public sector/private sector commitment and actions in the social and economic development of Ecuador".

2. Project Purpose and Preliminary Verifiable Indicators for Purpose: The proposed project purpose is "To expand and strengthen Ecuador's human resource base". The preliminary verifiable indicator is "Increased numbers of USAID-sponsored participants in leadership positions".

Efforts to date in the area of training include the LAC Training Initiative II Project, CLASP I, CLASP II and training programs sponsors under bilateral projects.

B. Relationship to USAID and Other Donor Activities

The project will provide across the board support to the Mission's strategic objectives.

Training activities sponsored by European nation donors are in highly technical areas, mainly at the graduate level. International donors, such as the UNDP and the IBRD provide mainly short term training through technical assistance projects.

The third country training programs provided by donors other than AID are managed by the Ecuadorian Institute for Educational Credit and Scholarship (IECE). The provision of such scholarships is not based on training needs assessment-based plans. The IECE accepts any scholarships offered by donor institutions and countries. U.S. government scholarships are not managed by the IECE.

C. Relationship of Project to Overall AID Policy Objectives

The project purpose is supportive of objectives described in AID policy papers on Private Enterprise Development, Basic Education and Technical Training and Institutional Development.

D. Project Description - Including Anticipated Results

The Training for Development Project will contain two components: training and follow-on.

1. Training The training component will consist of both short term and long term training programs, at least one half of which will take place in the United States. The remainder will take place in third countries.

All training offered under the project will directly relate to the achievement of the Mission's strategic objectives. A preliminary training needs assessment of each objective will be undertaken to assist the Mission in identifying the remaining human resource base constraints to achievement of the strategic objectives. The

results of the training needs assessments will also help each strategic objective team to fine tune existing training plans for projects which support the objectives. The training needs assessments will be updated periodically over the life of project both to assure the optimum impact of the training programs and to compensate for any adjustments in the objectives themselves.

Leadership or leadership potential will also be used as a participant selection criteria.

By the end of the project, approximately 250 people will have been trained. No less than 40% of all trainees will be women.

2. Follow-on One of the most common findings of evaluations of participant training programs over the years has been the importance of providing follow-on support to help participants use their training programs after returning home. As a result of these findings, most new training projects contain a follow-on component. Unfortunately, these follow-on activities function only over the life of project and membership is limited to participants of the sponsoring project.

The follow-on component of the Training for Development Project will provide a variety of follow-on activities, such as seminars and newsletters, not only for project-funded participants, but will also include participants from previously funded training projects and bilateral projects. By expanding the membership of the alumni (follow-on) organization, the possibilities for networking and institutional strengthening increase.

During the life of project, the follow-on component will develop and implement a plan to assure that the alumni organization is financially viable, and can therefore continue, after the project terminates.

E. Planned Implementation Arrangements

The Training for Development Project will be implemented under a contract with a U.S. technical assistance provider. Subcontracts to non-U.S. institutions will be permitted as required and recommended.

F. Sustainability of Proposed Activities

By the end of the project, the alumni organization will be a financially viable organization.

G. Mission Management Role

The project will be administered by USAID/Ecuador's General Development Office (GDO).

H. Potential Issues and/or Innovative Program Approaches

1. Selection criteria must be developed which prohibit the training of economic or social elites.

2. The varying social and economic backgrounds of Mission-funded participants, as well as the variety of training experience (technical vs. academic, long term vs. short term, U.S. vs. third country, etc.) must be taken into consideration when developing the overarching alumni organization and designing the follow-on activities.

SECTION III. PORTFOLIO ANALYSIS

B. STATUS OF PORTFOLIO

TABLE 3: USAID/ECUADOR PORTFOLIO -- PROJECT TIMELINE

PROJECT NUMBER/TITLE	FY92				FY93				FY94				FY95				FY96				FY97			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
518-0000 PD AND S	CONTINUING				CONTINUING				CONTINUING				CONTINUING				CONTINUING				CONTINUING			
518-0004 SDAA	CONTINUING				CONTINUING				CONTINUING				CONTINUING				CONTINUING				CONTINUING			
518-0019 NON TRAD. AG. EXP.												P												
518-0042 FISCAL ADM. DEV.					P																			
518-0044 TECH. TRAINING OPG				P																				
518-0051 AG. SECTOR REOR.													P											
518-0064 DRUG INF. & PUB. AWAR.											P													
518-0067 AND. PEACE SCHOL. PROG.												P												
518-0068 AG. RES., EXT. & ED.													P											
518-0069 SUST. USES OF BIO. RES.																								P
518-0071 CHILD SURVIVAL													P											
518-0076 NATNL. SHELTER DELIV. SYS.																	P							
518-0079 ENVIRON. ED. III - OPG								P																
518-0081 WATER & SANIT. HEA. EDUC.									P															
518-0082 AG. EDUCATION II - OPG																								
518-0083 NARC. AWAR.-GQUIL INF. SEC.				P																				
518-0084 HEALTH AND F.P. II																								P
518-0089 POLICY DIALOGUE SUPPORT												P												
518-0091 CLASP II PROGRAM																				P				
518-0092 SUST. LAND USE MGMT.																		P						
518-0093 PRIVATE PHARM. DIST.								P																
518-0094 TRADE & INVEST. PROG.																								P
518-0095 RTAC II																				P				
518-0105 JUSTICE SECTOR DEV.								A																
518-0107 C. DARWIN FOUNDATION																				P				
518-0108 CHOLERA CONTROL - CARE									P															
518-0111 AG. SECTOR DEV. PROG								A																
518-0113 HEALTH CARE FINANCING												A												
518-0115 ADMINISTRATION OF JUSTICE									P															
518-0117 TRAINING FOR DEV.																A								
936-5518 COASTAL RESOURCES MGMT.															P									
TOTAL PROJECTS (NUMBER) (AT END OF FY 4TH. QUARTER)				25				24				18				15				10				7

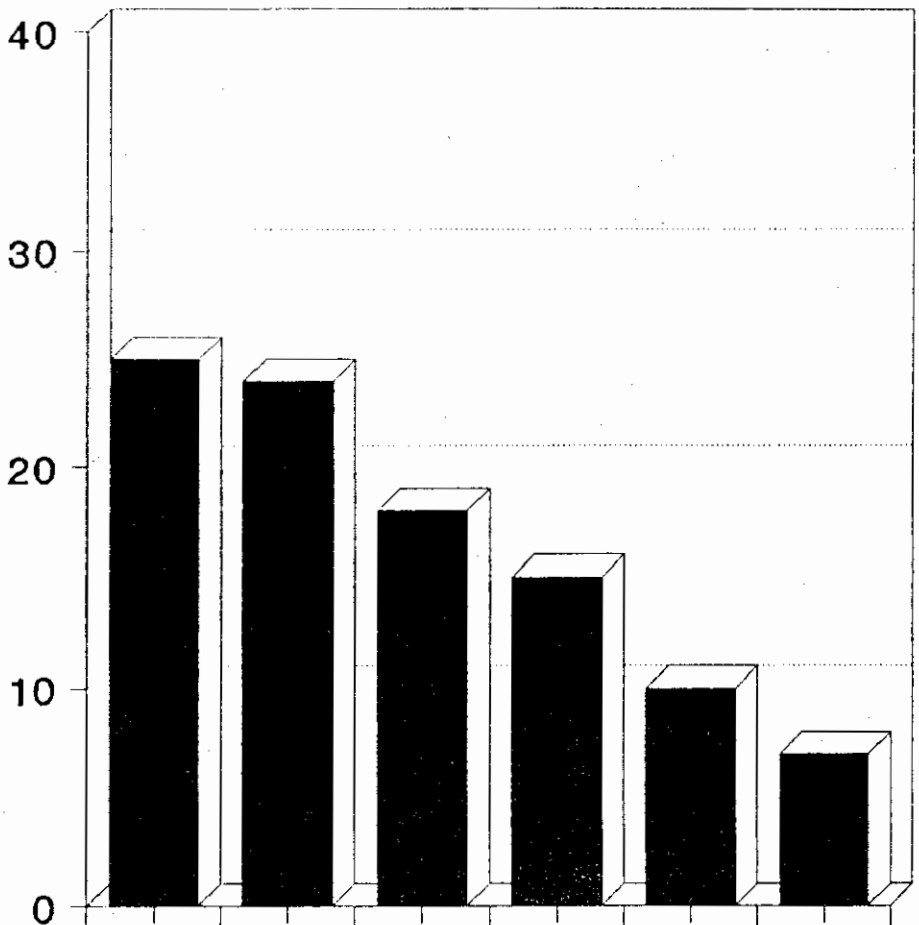
A = AUTHORIZATION DATE

P = PACD

USAID/ECUADOR

FYs 94/95 ACTION PLAN

ACTIVE PROJECTS AT FISCAL YEAR-END



	FY92	FY93	FY94	FY95	FY96	FY97
NO. OF PROJ.	25	24	18	15	10	7

NO. OF PROJ.

PROGRAM OFFICE/PPD

C. Central and Regional Projects

USAID/Ecuador submitted a list of centrally- and regionally-funded projects with the Fall 1992 Semi-Annual Reports. However, our list failed to include the following projects operating in Ecuador:

University Development Linkages Program (936-5063)- "C" - does not contribute to a Strategic Objective.

LAC Regional Administration of Justice Project (598-0642) - "B" - does contribute to a Strategic Objective but could not be managed by Mission.

The Mission would like to use this opportunity to comment on central activities which are vital to Mission Strategic Objectives but which the Mission could not fund due to limited resources.

SO1 - APTLINK - this activity is funded by the LAC Bureau. Ecuador was selected as one of the three beneficiary countries to implemented the APTLINK program which was created to facilitate trade ties between U.S. marketing cooperatives and farmer-owned organizations in LAC. This activity is contributing directly to SO 1 by promoting agro-processing and strengthening market linkages in the U.S.

SO3 - The Mission's SO3 has been benefitted by USAID child survival centrally-funded projects. Several U.S.-based PVO's (CARE, CRS, Project Hope) have received central funding to carry out projects in Ecuador. The PVO's have proven willing to change technical areas of intervention or geographical focus in order to integrate their actions with the Mission's SO. Unfortunately, these activities have been scaled back recently due to cuts in central funds.

Section IV

Environment

IV. ENVIRONMENT

A. Major Environmental Challenges

Ecuador is one of the most environmentally diverse places on earth. The forest ecosystems that are the main repositories of biological diversity are under threat principally because of agricultural land clearing, which is frequently preceded by logging. Petroleum development in the Amazon region also affects environmental quality, both because roads are a conduit for settlers and because of pollution. Uncontrolled mineral mining activities are accelerating deforestation in national parks and their associated buffer zones. High population growth rates, particularly in Amazonia, are leading to increasing pressure on tropical forests and biodiversity.

B. Progress Made During the Past Year

The Mission has a natural resources strategy in place, as well as an active natural resources portfolio to address tropical forests and biodiversity issues. The Mission's flagship natural resources project Sustainable Uses For Biological Resources (SUBIR) started project implementation in three protected areas which contain high biodiversity (see SO5). The Mission was instrumental in assisting the GOE to secure an IDB loan to continue the successful activities started by the USAID financed Coastal Resources Project.

The national Congress passed a law creating a new autonomous forestry and natural resources institution which has broad authority to guide forestry and natural resources activities. Regulations needed to implement the law were written and approved. Principal features include: a) increased operating costs for Galapagos and the other national parks by raising fees for tourism operators and their respective clients, and b) a mechanism for financing reforestation activities to establish tree cover on abandoned deforested lands, thereby providing economic alternatives to resource users and reducing logging pressure on primary forest.

Specific pollution guidelines for the oil industry were adopted by the Ministry of Energy and Mines. All service contractors engaged in petroleum exploration and exploitation must submit environmental management plans to the GOE for approval. The impact resulting from enforcement of these regulations is that for the first time Ecuador is beginning to apply strict environmental controls to the oil industry activities in tropical primary forests. Important progress in the implementation of an Ecuadorian population policy was achieved with the establishment of a National Population Commission that will encompass multisectoral population issues

including those associated with the environment. As part of the GOE's National Plan of Action for the Implementation of the Population Policy, which will be presented at the United Nations World Population Conference in Cairo in 1994, there will be specific reference to environmental concerns as they are affected by demographic change.

C. Recommended Follow-up

The Mission continues to play a major and catalytic role in developing and implementing a collaborative natural resources program between donors, NGOs, and educational and scientific institutions. We plan to develop an Environmental Action Plan that will provide the basis towards an eventual Environmental Framework Agreement. Additionally, two key initiatives, continuation of the successful Environmental Education project and extension of the Charles Darwin Grant, will be undertaken if funds are made available to the Mission. Both projects will directly impact on biodiversity and the management of tropical forests.

Section V

Resource Requirements

V. RESOURCE REQUIREMENTS

A. Operating Expense Resource Requirements

As explained in program documents over the last several years, USAID/Ecuador has reduced and realigned its staff. This has allowed us to meet both the Bureau mandated personnel levels and focus on the five Strategic Objectives described above. We are now operating at 13 USDH, down from 17 on board in 1989. This is the absolute minimum necessary to manage our well-focused, consolidated portfolio directed toward a finite number of Strategic Objectives. At an FTE of 13 USDH for the bilateral program, plus the two regional positions located here (in addition to RHUDO/SA) we are currently operating at maximum efficiency -- any fewer and we would not only jeopardize the achievement of one or more of our SOs, but severely increase our vulnerability to waste, fraud and abuse.

This Mission has worked very diligently over the last few years to correct weaknesses identified during the annual internal control assessment. As a result, our 1992 ICA indicated that the remaining few vulnerabilities were eliminated during last year. The Mission believes that any further reduction in staff would expose us to unacceptable levels of risk and, that weaknesses previously eliminated, would reappear.

Given the required reduction of our USDH FTE level, our reliance on FSNs has increased. We are fortunate to have a highly motivated, well trained FSN staff. However, the wage cap established by the Department of State in FY 93 has limited the Embassy's ability to meet salary adjustments dictated by wage surveys and even those legislated by the host government. Because we must maintain a combined compensation plan, this has had a detrimental effect on USAID staff morale and exacerbated difficulties we face to recruit qualified FSNs.

Beginning in the late spring or early summer of 1993, USAID/Ecuador will be taking over (from USAID/Peru) the accounting/payment processing for USAID/Colombia. This will inevitably require that there be need for additional staff. Although it is too early to establish precise staffing implications for this added burden, initial estimates are that two FSN positions in the Controller's Office will be required. We understand that USAID/Peru has a USPSC in the Controller's Office who is responsible for the financial management services of three MDCs, Colombia, Brazil and Chile. USAID/Ecuador might require a similar position but that remains to be seen. This will be addressed more fully in the FY 95 ABS.

USAID/Ecuador has successfully held the line on operating costs over the last few years. As in other Missions, we have reduced costs by imposing strict limits on discretionary travel, charged

projects for services, supplies and NXP wherever possible, charged RHUDO/SA for office space and shared services, deferred procurement of NXP (irrespective of Agency replacement standards), and cut staff. This has allowed us to operate on almost a straight line from FY 91 through FY 93 and, with the exception of additional cost associated with USAID/Colombia's accounting, we expect to continue to operate near this $2.8 million level for the next few years.

As a result of last year's ESF Cash Transfer, USAID/Ecuador negotiated a 10% local currency Trust Fund to be used to defray the operating costs of the Mission. The Mission, in conjunction with the United States Disbursing Office in Mexico, was able to purchase certificates of deposit earning an average of 30% interest. This will allow the Mission to use the LC equivalent of $620,000 to pay the entire FSN PSC wage costs for a year.

PAGE 1

SECTION V. RESOURCE REQUIREMENTS

TABLE 4

USAID/ECUADOR

SUMMARY PROGRAM FUNDING TABLE

DOLLAR PROGRAM

FUNDING CATEGORY	FY93 ESTIMATED	FY94 REQUESTED	FY95 REQUESTED
DEVELOPMENT ASSISTANCE			
MISSION STRATEGIC OBJECTIVE # 1			
518-0094 TRADE & INVEST. PROG.	500,000	1,998,822	2,501,178
518-0117 TRAINING FOR DEV.	0	0	265,438
SUBTOTAL	500,000	1,998,822	2,766,616
MISSION STRATEGIC OBJECTIVE # 2			
518-0051 AG. SECTOR REOR.	384,894	0	0
518-0111 AG. SECTOR DEV. PROG	830,982	895,018	1,288,000
518-0117 TRAINING FOR DEV.	0	0	240,000
SUBTOTAL	1,215,876	895,018	1,528,000
MISSION STRATEGIC OBJECTIVE # 3			
518-0071 CHILD SURVIVAL	1,046,887	450,992	0
518-0076 NATNL. SHELTER DELIV. SYS.	457,011	142,989	0
518-0081 WATER & SANIT. HEA. EDUC.	400,000	767,169	0
518-0084 HEALTH AND F.P. II	2,470,000	2,470,000	2,062,487
518-0108 CHOLERA CONTROL - CARE	493,113	0	0
518-0113 HEALTH CARE FINANCING	0	710,000	1,230,000
SUBTOTAL	4,867,011	4,541,150	3,292,487
MISSION STRATEGIC OBJECTIVE # 4			
518-0091 CLASP II PROGRAM	1,328,000	1,246,448	1,000,000
518-0095 RTAC II	532,577	442,000	0
518-0105 JUSTICE SECTOR DEV.	500,000	958,000	1,200,000
518-0117 TRAINING FOR DEV.	0	0	240,000
SUBTOTAL	2,360,577	2,646,448	2,440,000
MISSION STRATEGIC OBJECTIVE # 5			
518-0069 SUST. USES OF BIO. RES.	1,200,000	1,358,000	1,082,897
518-0117 TRAINING FOR DEV.	0	0	240,000
936-5518 COASTAL RESOURCES MGMT.	100,000	0	0
SUBTOTAL	1,300,000	1,358,000	1,322,897
POLICY DIALOGUE AGENDA			
518-0089 POLICY DIALOGUE SUPPORT	300,000	810,562	900,000
SUBTOTAL	300,000	810,562	900,000
TARGETS OF OPPORTUNITY			
518-0000 PD AND S	503,275	250,000	250,000
518-0004 SDAA	148,848	150,000	150,000
518-0064 DRUG INF. & PUB. AWAR.	304,413	0	0
SUBTOTAL	956,536	400,000	400,000
SUBTOTAL DA	11,500,000	12,650,000	12,650,000

PAGE 2	TABLE 4		
FUNDING CATEGORY	FY93 ESTIMATED	FY94 REQUESTED	FY95 REQUESTED
ECONOMIC SUPPORT FUND			
MISSION STRATEGIC OBJECTIVE # 1			
518-0116 ECONOMIC REFORM PROGRAM	10,000,000	5,000,000	0
SUBTOTAL	10,000,000	5,000,000	0
SUBTOTAL ESF	10,000,000	5,000,000	0
P.L. 480 TITLE III	0	0	0
SUBTOTAL P.L. 4	0	0	0
PROGRAM TOTAL	21,500,000	17,650,000	12,650,000

Section VI

Mission Initiated Issues

VI. MISSION INITIATED ISSUES

1. Can the integrity of the Strategic Planning process be maintained in light of earmarks and new initiatives?

While the Mission has demonstrated its strong commitment to the strategic planning process, having devoted two years to developing the kind of program performance assessment system that will elicit and measure results, the ultimate success of our strategic planning exercise depends, in large measure, on the stability and predictability of aid flows. Similarly, to maintain the integrity of the process, we must avoid abrupt changes in focus, and only if necessary, gradually incorporate new and important themes into the program in a way that is tailored to suit local conditions.

Earmarked funding now accounts for 40% of our annual budget and threatens to undermine our ability to achieve our strategic objectives. In essence, now that we have completed our M & E plans for each objective and have established our performance indicators for each one, we need the flexibility to allocate funds among our SOs to ensure they are achieved. Must we overfund some at the expense of others because of earmarks? Given our successful effort at consolidating and focusing our portfolio, will we be permitted to continue the planning process without being expected to initiate new activities that, although important, would require us to make significant changes in the SO process?

We recognize that earmarks are an Agency-wide problem beyond the control of Agency management. However, we believe that, ultimately, the strategic planning process is incompatible with the current system of earmarks.

2. What are the prospects for ESF funding in FY 93 and FY 94?

When the then President-elect Sixto Duran-Ballen visited Washington last July one month before his inauguration, the only donor that responded to his request for immediate and tangible support for the dramatic economic reform program he committed his new administration to adopt was the USG. The new administration has demonstrated its commitment to growth-oriented economic policies, despite the social dislocations and open and often virulent criticism that has resulted in a society that is deeply resistant to change. While the results of the stabilization program, as well as our contribution, have been impressive, much more must be done and the program must be sustained. With our support, the GOE has adopted an ambitious agenda aimed at reducing inflation and the fiscal deficit, and achieving real growth in GDP. The Duran-Ballen administration looks to us as the one donor most responsive to its needs. Even the modest amount of ESF we are proposing is essential

as a tangible sign of this support.

Economic stabilization and structural reform cannot be successfully sustained in Ecuador unless the other side of the coin--social compensation programs that address the immediate need for employment and income for the most vulnerable groups affected by the economic programs--is addressed. We have worked with the President to establish a Social Emergency Fund (SEF) that will create immediate employment to build productive and social infrastructure. The small amount of ESF local currency has permitted us to establish the SEF mechanism and initiate operations. It has opened a channel for other donor funding. Perhaps most importantly, it has given us an opportunity to demonstrate our responsiveness to the President's needs while permitting us to pursue a parallel agenda of economic reform.

3. <u>What is the prospect for a modest food aid program?</u>

As a corollary to the issue above, the Mission has relied on sporadic and fairly modest amounts of Section 416 food assistance over the past few years to supplement our agricultural program. In fact, the small amount of food aid has leveraged such significant policies as full autonomy for the national agricultural research institute (INIAP) and private sector grain storage and marketing. It has similarly assisted us in strengthening agricultural producers associations and provided a source of endowments for the private sector agricultural research and policy analysis foundations (FUNDAGRO and IDEA) we have established.

In addition to a resumption of a Section 416 program, we propose a modest $5 million monetized Title II program. While we recognize that Ecuador is reaching food self-sufficiency, there remain large pockets of poverty where inadequate food consumption has resulted in profound nutritional deficiencies. The economic stabilization measures have also affected the most vulnerable groups' ability to purchase sufficient food to meet minimum nutritional requirements. The food aid program could lessen the impacts of falling incomes associated with structural adjustment. As we mentioned above, the Mission has worked very closely with the GOE to establish a Social Emergency Fund that addresses immediate employment and income needs of the most affected groups. A monetized Title II program would provide a vital supplement to the SEF.