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USAID/Ecuador

SEMI-ANNUAL REPORT

October 1, 1991 - March 31, 1992

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I. Mission Director's Overview

A. Portfolio Review

During the October 1, 1991 - March 31, 1992 period the Mission continued to focus the project portfolio to conform more closely with our five strategic objectives (SO's) identified in FY 91. The strategic objectives themselves continued to undergo considerable refinement and definition during this reporting period, culminating in the submission of our FY 93-94 POD-Action Plan in March. The Strategic Objective teams reached consensus on the final wording of the objective statements and the objective trees. They developed program level outputs and indicators for each of the SO's and the program outputs. This completed, and with the approval by LAC Bureau of the FY 93-94 POD/Action Plan, the Mission's Program Performance Assessment System (PPAS) is now installed. The next phase, finalization of Monitoring and Evaluation Plans for each SO, is expected to be completed by the end of the next SAR reporting period.

The five strategic objectives as currently stated are:

- SO 1) Increased Trade and Employment in Non-Traditional Exports;
- SO 2) Increased Agricultural Income, Especially on Small and Medium Farms;
- SO 3) Increased Use, Effectiveness and Sustainability of Family Planning and Selected Health Services;
- SO 4) Improved Responsiveness of Selected Democratic Institutions with Greater Citizen Participation;
- SO 5) Stem loss of Biodiversity and Accelerate a Transition from Resource Mining to Resource Management in and around Selected Protected Areas.

In addition to the SO's the Mission finalized a Policy Reform Matrix prioritizing those policy changes necessary for the achievement of our 5-7 year program objectives, and developed a short list of the most immediate policy dialogue activities (Plan '92) to be undertaken with the newly elected government in the summer of 1992.

The project portfolio was further consolidated during this SAR period from 28 active projects to 25. Three projects were terminated: Land Titling (518-0059), Malaria Control (518-0049), and Private Sector Financing and Health Care, MAP (518-0060). Pilot activities in the new area of strengthening democratic institutions (ELECT and AOJ) were initiated. Overall, the portfolio performance was strong, with 15 "A" projects, 11 "B" projects, and 2 "C" project, (one of which terminated during the period).

The highlights of the portfolio are presented below by Strategic Objective.

SO 1

The Mission is progressing well towards this strategic objective. There was a significant increase in the value of non-traditional exports in 1992, from \$309.8 million to \$339.9 million. Approximately half of this increase was in agricultural products which are the focus of the Mission's Non-Traditional Agricultural Exports Project NTAE (518-0019). During the period, an Exports Facilitation Law was passed with the support of AID cooperating organizations.

With regard to the NTAE project, progress has been excellent, but a major issue clouds the horizon. The project is managed by a project management unit with oversight by two NGO's. According to the present budget, 80% of total LOP funding will be spent by the end of FY 92, leaving insufficient funds for FY 93 and 94. The Strategic Objective team and Mission senior management are evaluating alternative steps that can be taken to address this budgetary issue. With regard to the Trade and Investment Project (518-0094), activities are just getting under way. The project will be implemented primarily through the Ecuador Foundation, which is now legally constituted, and has management and financial control procedures in place. Recruitment for professional staff commenced in March and most of the positions were filled in April and May. A Cooperative Agreement between USAID and the Foundation is expected to be finalized in June.

Another significant event was the initiation of services by Price Waterhouse's International Privatization Group, provided through a buy-in to the AID/W PRE bureau contract. This should lead to the privatization of some state-owned enterprises and increased support for privatization in general.

SO 2

The main program activities contributing to the Mission SO2, i.e., those of the Agricultural Sector Reorientation project (518-0051) and the Agricultural Research Extension and Education project (518-0068) continued to show good progress over this reporting period. Meaningful policy studies and related dialogue on land markets, exchange rates, institutional development and trade policies were carried out.

The policy work of IDEA, FUNDAGRO and ANRO/USAID continued to support those private and public sector groups who advocate policy reforms which lead to greater agricultural market liberalization, productivity and competitive efficiency. For this reason, continuing efforts are being made not only to improve the pricing and market efficiency of agricultural products and inputs, but also to study and promote ways to create a more efficient and viable agricultural research extension and education system.

SO 3

During this period, all seven of the major actions planned in the last SAR were accomplished. This is a major accomplishment since many

of the actions involved public sector counterparts who are increasingly focusing their attention on Ecuador's presidential election outcomes and less on project implementation. The most difficult of accomplishments was the termination of the Malaria Assistance Project, which PACD of December 31, 1991, was further extended to February 29, 1992, after a number of negotiations with the Ministry of Health.

Also during this period, the SO statement was modified, focussing on selected health services rather than the MOH's organizational definition of "maternal and child health". The SO Team will use this modification to the SO to demonstrate to the GOE the Mission's intention to concentrate on policy issues surrounding health care financing, and not limit our assistance to the delivery of MCH services.

The Health and Family Planning Project (518-0084) agreements with APROFE and CEMOPLAF were signed and project activities were started. The NPA component of the project is gaining momentum after a slow start. Since the beginning of the review period, however all conditions precedent for initial disbursement have been met, including the establishment of a high level National Population Counsel. The Counsel will define Ecuador's population policy and coordinate all family planning activities. Specific outputs and management tools which have had an impact far beyond the Child Survival Project (518-0071) have been generated thanks to the excellent technical assistance provided by Management Sciences for Health. A new five year US\$5.0 million Health Care Finance Project was proposed for an FY 94 start and was approved during this year's POD/AP review. After this SAR review, the Mission has decided to try to move up the start of this project to FY 93. This is justified by the additional policy impact that can be achieved by designing a project in close collaboration with the newly elected Ecuadorian Administration. The Water and Sanitation for Health and Ecuadorian Development Project (518-0081) has taken an important step towards achieving a significant impact with the written evidence provided by IEOS that counterpart funding has been met and that it will be increased in the future. The assistance provided for the Cholera Control project continues to be timely and successful, the epidemic having now fallen to endemic levels.

SO 4

This SAR period has been a critical one for the ELECT/CAPEL project (518-0109). All major actions planned for the period have been accomplished, including analyses for the civic education campaign, and the training of thousands of election workers. The only exception has been the start of the media campaign which will be covered in the next SAR.

The Regional Technical Aid Center RTAC II (518-0095) textbook sales program has seen some rewards and some difficulties during this period. The Government of Ecuador declared the RTAC II project as one of "National Priority", thus granting the project total tax exemption on all book shipments during the life of the project. Twenty-seven agreements have been signed with bookstores in Quito, Guayaquil and

Cuenca. The textbook selection process was completed for the universities in the Coastal area (which has a different schedule for classes) and the books have arrived and been cleared from customs well in advance of the selling season. The difficulties involved the late arrival of the first textbooks in Ecuador some one month after the start of university classes in the Sierra.

The CLASP II Advisory Committee was created in November, 1991. Recruitment is underway for the first short term training group; a FUNDAGRO "Women in Agriculture" group, and a coordination of the two other short-term groups planned for FY 92, small non-traditional farmers association leaders, and supervisors of health promoters, was begun. Long term training needs for the life of the project have been defined and selection work has begun with each Mission technical office.

We continue to move forward with AOJ project planning. We signed a memorandum of understanding with ILANUD for AOJ work in Ecuador and have a proposal from ILANUD for this effort. We expect to sign a cooperative agreement with ILANUD to finance specific TA shortly. AOJ working groups in Quito and Guayaquil have continued efforts to promote change. USAID financed a workshop on "Conflict Resolution" with the Ministry of Government. ILANUD has provided TA for work on a revised penal code and dates are being set for discussion of the draft code among judges, government employees and lawyers in seven cities in Ecuador. This discussion/diffusion stage will take place during the next SAR period.

The FNJ is working on meeting all the recommendations contained in the Price Waterhouse and Development Associates recommendations. Our new project manager, Ms. Paez, is slowly getting the management process in order. FNJ must meet certain management objectives during the next SAR period in order to meet the requirements for continued funding. This project continues in "C" status and will be receiving intense management scrutiny during the next SAR period.

SO 5

Under the Sustainable Uses for Biological Resources Project (SUBIR) 518-0069, project implementation is under way. The Project Implementation Committee is now meeting monthly and consideration is being given to including a representative of a local environmental NGO on the Committee. Field offices are being staffed and equipped while conversation with potential counterparts and beneficiary organizations continue. The Mission is currently awaiting the delivery of a workplan to cover the period July 1 to December 31, 1992.

The Environmental Education (EDUNAT III) project (518-0079) was evaluated and the draft evaluation report indicates that the project has been successful. The Mission will have to decide in the next year whether a follow-on project would contribute to achieving SO 5 and whether funds are available for such a project.

The Conservation of Biological Resources in the Galapagos Project

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(518-0107) has been progressing adequately. A field visit is scheduled to the Charles Darwin Research Station in June of 1992 to obtain a look at project implementation. The FY 92 Continuing Resolution will lead to another earmark of \$100,000 for the Charles Darwin Foundation. The Mission will soon be contacting Station personnel who deal with visitors to the islands to ensure that they are aware that U.S. government funding is an important contribution to preserving the biodiversity there.

Policy Reform Agenda

The highlight of the reporting period was a National Conference on Ecuador's Transition to a Non-Petroleum Economy. With the participation of current and former Ministers of Finance, business people, labor leaders, professors and research economists, national & international experts presented and discussed over 25 papers analyzing different aspects of the country's particular social, economic and political situation. Of particular significance was the truly national participation in this conference, bringing together many representatives from the Coast as well as the Sierra. Through the Fundacion Ecuador the Mission has also been involved in coordinating a timely response on the part of the Foundation to the request made by the parties of the three major Presidential candidates for an agenda of optimal, prioritized policy reforms to be pursued in the first months of the next GOE. Another highlight of the policy reform objective has been the coordination achieved within the Mission. For example, the RTAC II project in the General Development Office (GDO) is providing text books to professors participating in the Policy Dialogue Support (PDS) project (518-0089).

The most significant issue with regard to the PDS project arises from the fact that 20 Ecuadorians will be sent to INCAE/Costa Rica to pursue the Master's program in Economics in late summer. These students must be selected and recruiting an adequate number of women will be difficult.



Charles E. Costello
Director
USAID/Ecuador

FINANCIAL SUMMARY OF USAID/ECUADOR PORTFOLIO
OCTOBER 1, 1991 - MARCH 31, 1992
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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
PROJECT NO.	PROGRAM/PROJECT TITLE	CATE- GORY	DATE OF INIT. OBLIG.	LAST REVISED PACO	% OF LOP ELAPSED	% OBLIG. EXPEND.	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TO DATE	CUMUL. AMOUNT OBLIG.	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	PLANNED EXPEND. (NEXT SEM.)
ACTIVE PROJECTS																	
Strategic Objective No. 1																	
518-0019	Non-Traditional Ag. Exports (G)	A	09-13-84	08-30-94	75%	59%	7,260	(3)	7,114	146	3,509	600	623	104%	4,231	2,883	700
518-0019	Non-Traditional Ag. Exports (L)	A	09-13-84	12-31-90	75%	100%	7,500	0	7,500	0	25	0	0	N/A	7,475	25	0
518-0094	Trade and Investment Project	B	08-30-91	09-30-97	12%	5%	10,000	557	2,666	7,334	2,109	900	141	16%	141	2,525	900
518-0042	Fiscal Administration Development (G)	B	03-29-85	07-31-92	96%	88%	4,800	0	4,800	0	580	150	2	1%	4,222	578	220
518-0042	Fiscal Administration Development (L)	B	03-29-85	07-31-92	96%	65%	2,250	0	2,250	0	857	210	63	30%	1,456	794	175
Strategic Objective No. 2																	
518-0051	Agr. Sector Reorientation (G)	B	07-30-85	12-31-94	82%	85%	10,700	1,050	10,226	474	787	709	283	40%	8,672	1,554	160
518-0051	Agr. Sector Reorientation (L)	B	07-30-85	12-31-94	82%	85%	1,400	0	1,400	0	215	141	11	8%	1,196	204	0
518-0059	Land Titling (G)	B	08-29-85	12-31-91	100%	92%	6,800	0	1,998	4,802	205	63	53	84%	1,848	150	150
518-0059	Land Titling (L)	B	08-29-85	12-31-91	100%	35%	3,500	0	3,500	0	2,297	41	40	98%	1,242	2,258	460
518-0068	Agri. Research/Extension/Education (G)	A	05-27-88	12-31-94	59%	58%	7,000	0	7,000	0	3,590	647	676	104%	4,086	2,914	659
518-0082	Agricultural Education II (G)	B	07-20-89	07-20-94	50%	48%	1,000	0	1,000	0	647	140	121	86%	475	525	140
Strategic Objective No. 3																	
518-0084	Health and Family Planning II	A	09-10-91	09-30-97	11%	25%	10,500	0	1,384	9,116	1,384	955	342	36%	342	1,042	850
518-0071	Child Survival and Health (G)	B	07-14-89	12-31-94	51%	41%	12,200	0	8,365	3,835	7,094	1,520	2,186	144%	3,457	4,908	1,100
518-0081	Water and Sanitation for Health (G)	B	09-22-89	12-31-93	60%	33%	4,000	100	2,663	1,337	1,720	587	45	8%	888	1,775	500
518-0060	Private Sector Health (G)	B	08-30-85	12-31-91	100%	92%	745	0	745	0	111	85	53	62%	687	58	0
518-0106	Cholera Control Care	A	08-30-91	08-30-92	58%	51%	620	0	620	0	620	400	315	79%	315	305	305
518-0093	Private Pharmaceutical Distribution (G)	A	09-22-90	09-30-92	75%	72%	151	0	151	0	95	45	52	116%	108	43	43

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
PROJECT NO.	PROGRAM/PROJECT TITLE	CATE- GORY	DATE OF INIT. OBLIG.	LAST REVISED PACO	% OF LOP ELAPSED	% OBLIG. EXPEND.	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TO DATE	CUMUL. AMOUNT OBLIG.	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	PLANNED EXPEND. (NEXT SEM.)
518-0049	Malaria Control (G)	C	03-29-85	02-29-92	100%	88%	3,000	0	3,000	0	581	479	222	46%	2,642	358	0
518-0049	Malaria Control (L)	C	03-29-85	02-29-92	100%	82%	6,500	0	6,500	0	1,764	0	597	N/A	5,333	1,167	0
Strategic Objective No. 4																	
518-0064	Drug Information & Public Awareness (G)	C	07-23-87	04-01-94	70%	93%	2,725	0	2,420	305	275	130	97	75%	2,241	179	135
518-0083	Narcotics Awareness (G)	A	03-30-90	05-31-92	100%	76%	89	0	89	0	23	29	2	7%	68	21	21
518-0067	Andean Peace Scholarship Program (G)	A	09-21-87	09-30-94	86%	99%	6,879	0	6,536	343	591	571	522	91%	6,467	69	69
518-0091	Ec. Development Scholarship Program	A	09-30-91	09-30-96	17%	15%	6,600	0	702	5,898	702	227	104	46%	104	598	517
518-0095	Regional Technical Aid Center II	A	08-29-91	09-24-96	17%	27%	1,055	298	537	518	123	184	29	16%	145	392	258
518-0109	ELECT Project	A	09-30-91	07-31-92	60%	23%	1,000	560	1,000	0	440	500	234	47%	234	766	500
Strategic Objective No. 5																	
518-0079	Environmental Education (G)	A	07-22-88	07-21-93	73%	79%	1,100	0	1,100	0	405	170	176	104%	871	229	60
518-0092	Sustainable Land-Use Management (G)	B	04-05-90	03-31-96	33%	100%	300	0	241	59	0	0	0	N/A	241	0	0
518-0069	Sustainable Uses of Biological Resources	B	08-30-91	09-15-97	11%	7%	9,000	0	2,986	6,014	2,986	200	202	101%	202	2,784	400
518-0107	Charles Darwin Foundation	A	09-30-91	03-31-93	33%	8%	100	0	100	0	100	20	8	40%	8	92	30
Policy Reform Agenda																	
518-0089	Policy Dialogue Support (G)	A	09-28-90	09-30-94	37%	40%	2,800	0	2,800	0	2,221	300	542	181%	1,121	1,679	600
Targets of Opportunity																	
518-0076	National Shelter Delivery System	B	09-10-87	12-31-92	89%	69%	1,500	0	1,500	0	677	410	220	54%	1,042	458	100
518-0044	Technical Training (G)	A	08-16-84	09-30-92	95%	100%	1,166	0	1,166	0	35	0	35	N/A	1,166	0	0
518-0004	Special Development Activity	A	10-01-85	N/A	N/A	96%	1,201	34	1,157	44	N/A	50	46	92%	1,113	44	44
SUBTOTAL ACTIVE PROJECTS					67%	135,441	2,596	95,216	40,225	36,768	10,463	8,042	77%	63,839	31,377	9,096	

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PROJECT NO.	PROGRAM/ PROJECT TITLE	CATE- GORY	DATE OF INIT. OBLIG.	LAST REVISED PACD	% OF LOP ELAPSED	% OBLIG. EXPEND.	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TD DATE	CUMUL. CBLIG.	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	PLANNED TERMIN. (NEXT SEM.)
TERMINATED PROJECTS																	
518-0032	Rural Technology Transfer System (G)		08-27-80	08-26-90	100%	99%	7,200	(331)	6,797	0	370	0	0	0%	6,758	39	0
518-0032	Rural Technology Transfer System (L)		08-27-80	08-26-90	100%	99%	2,600	0	2,587	0	0	0	(14)	0%	2,573	14	0
518-0036	Population and Family Planning (G)		09-29-81	09-28-91	100%	96%	14,000	(84)	11,345	2,655	1,782	1,520	257	17%	10,904	441	0
518-0023	Forestry Sector Development (G)		09-30-82	09-30-91	100%	100%	2,300	0	2,240	60	363	324	363	112%	2,240	0	0
518-0023	Forestry Sector Development (L)		09-30-82	09-30-91	100%	100%	6,500	0	4,679	1,821	229	324	211	65%	4,661	18	0
518-0056	Small Enterprise Development (G)		07-31-86	04-30-91	100%	80%	500	(11)	4,233	267	717	0	(161)	0%	3,365	867	0
SUBTOTAL TERMINATED PROJECTS						96%	37,100	(426)	31,881	4,803	3,461	2,168	656	N/A	30,502	1,379	0

PIPELINE ANALYSIS
USAID/ECUADOR
MARCH 31, 1992

PROJECT NO.	PROGRAM/ PROJECT TITLE	CUMULATIVE OBLIGATIONS	FY OBLIGATIONS						CUMULATIVE PIPELINE	PIPELINE AGING						
			THRU 1987	1988	1989	1990	1991	1992		THRU 1987	1988	1989	1990	1991	1992	
STRATEGIC OBJECTIVE NO. 1																
518-0019	Non-Traditional Ag. Exports (G)	7,115	2,330	288	1,872	2,335	293	(3)	2,883	0	0	495	2,095	293	0	
518-0019	Non-Traditional Ag. Exports (L)	7,500	7,500	0	0	0	0	0	25	25	0	0	0	0	0	
518-0094	Trade and Investment Project	2,666	0	0	0	0	2,109	557	2,525	0	0	0	0	1,968	557	
518-0042	Fiscal Administration Development (G)	4,000	4,800	0	0	0	0	0	578	580	0	0	0	0	0	
518-0042	Fiscal Administration Development (L)	2,250	2,250	0	0	0	0	0	794	794	0	0	0	0	0	
STRATEGIC OBJECTIVE NO. 2																
518-0051	Agr. Sector Reorientation (G)	10,226	7,100	0	300	800	976	1,050	1,554	27	0	23	47	408	1,049	
518-0051	Agr. Sector Reorientation (L)	1,400	1,400	0	0	0	0	0	204	204	0	0	0	0	0	
518-0059	Land Titling (G)	1,998	1,998	0	0	0	0	0	150	150	0	0	0	0	0	
518-0059	Land Titling (L)	3,500	3,500	0	0	0	0	0	2,258	2,258	0	0	0	0	0	
518-0068	Agri. Research/Extension/Education (G)	7,000	0	2,906	1,558	1,192	1,344	0	2,914	0	408	983	501	1,022	0	
518-0082	Agricultural Education II (G)	1,000	0	0	1,000	0	0	0	525	0	0	525	0	0	0	
STRATEGIC OBJECTIVE NO. 3																
518-0084	Health and Family Planning II	1,384	0	0	0	0	1,384	0	1,042	0	0	0	0	1,042	0	
518-0071	Child Survival and Health (G)	8,365	0	0	1,778	4,211	2,376	0	4,908	0	0	202	2,391	2,315	0	
518-0081	Water and Sanitation for Health (G)	2,663	0	0	854	1,096	613	100	1,775	0	0	175	890	610	100	
518-0060	Private Sector Health (G)	745	645	0	0	100	0	0	58	0	0	0	58	0	0	

PIPELINE ANALYSIS
 USAID/ECUADOR
 MARCH 31, 1992

PROJECT NO.	PROGRAM/ PROJECT TITLE	CUMULATIVE OBLIGATIONS	FY OBLIGATIONS					CUMULATIVE PIPELINE	PIPELINE AGING					
			THRU 1987	1988	1989	1990	1991		1992	THRU 1987	1988	1989	1990	1991
518-0108	Cholera Control Care	620	0	0	0	0	620	0	0	0	0	0	0	0
518-0093	Private Pharmaceutical Distribution (G)	151	0	0	0	151	0	0	0	0	0	0	0	0
518-0049	Malaria Control (G)	3,000	3,000	0	0	0	0	0	0	0	0	0	0	0
518-0049	Malaria Control (L)	6,500	6,500	0	0	0	0	0	0	0	0	0	0	0
STRATEGIC OBJECTIVE NO. 4														
518-0064	Drug Information and Public Awareness (G)	2,420	300	660	640	820	0	0	0	0	0	0	43	0
518-0083	Narcotics Awareness (G)	89	0	0	0	89	0	0	0	0	0	0	0	0
518-0067	Andean Peace Scholarship Program (G)	6,536	1,041	2,092	3,403	0	0	0	0	0	0	0	0	0
518-0091	Ec. Development Scholarship Program	702	0	0	0	0	0	0	0	0	0	0	0	0
518-0095	Regional Technical AID Center II	537	0	0	0	0	0	0	0	0	0	0	0	0
518-0109	ELECT Project	1,000	0	0	0	0	239	298	0	0	0	0	0	0
STRATEGIC OBJECTIVE NO. 5														
518-0079	Environmental Education (G)	1,100	0	1,100	0	0	0	0	0	0	0	0	0	0
518-0092	Sustainable Land-Use Management (G)	241	0	0	0	0	0	0	0	0	0	0	0	0
518-0069	Sustainable Uses of Biological Resources	2,986	0	0	0	241	0	0	0	0	0	0	0	0
518-0107	Charles Darwin Foundation	100	0	0	0	0	2,986	0	0	0	0	0	0	0
POLICY REFORM AGENDA														
518-0089	Policy Dialogue Support (G)	2,800	0	0	0	100	0	0	0	0	0	0	0	0
					2,450	350	0	0	1,679	0	0	0	1,340	339

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PIPELINE ANALYSIS
 USAID/ECUADOR
 MARCH 31, 1992

PROJECT NO.	PROGRAM/ PROJECT TITLE	CUMMULATIVE OBLIGATIONS	FY OBLIGATIONS						CUMMULATIVE PIPELINE	PIPELINE AGING					
			THRU 1987	1988	1989	1990	1991	1992		THRU 1987	1988	1989	1990	1991	1992
TARGETS OF OPPORTUNITY															
518-0076	Shelter Section Technical Assistance (G)	1,500	226	337	937	0	0	0	458	31	122	305	0	0	0
518-0044	Technical Training (G)	1,166	821	0	279	0	66	0	0	0	0	0	0	0	
TOTAL		94,000	43,411	7,383	12,621	13,485	14,598	2,562	31,334	5,594	761	2,774	7,565	12,078	2,564

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SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE NO. 1
"Increased Trade and Employment in Non-Traditional Exports"
Second Semester, FY 1991

**Overview of Performance under Strategic Objective No. 1,
Increased Trade and Employment in Non-Traditional Exports**

Brief Assessment

The Mission's Trade and Investment portfolio is relatively new, and began with the establishment of the Export, Trade and Investment Office (ETIO) less than one year ago. The portfolio is comprised by the ongoing Non-Traditional Agricultural Exports Project (518-0019) and the new Trade and Investment project (518-0094), which began in September, 1991. The Fiscal Administration (518-0042) is also managed by ETIO but is classified as a target of opportunity and will end in July, 1992. The Policy Dialogue Support project, which encompasses trade policy dialogue, is highlighted separately.

The Non-Traditional Agricultural Exports project (NTAE) which began its second phase in March, 1991 is continuing with impressive momentum. The project is now providing services under all of its components, which include Agricultural Technology, Post Harvest Handling and Quality Control, Market Information and Products Promotion, and Policy Dialogue. Many intermediate outputs are in place: project staffing is complete; emphasis is on the high potential for new exports from the coastal areas; farmers' associations are working and facilitating the transfer of agricultural technology; and the project implementing unit (PROEXANT) is favorably perceived by client groups. In other words, the steps to reach the EOPS targets (increased NTAE, crop diversification, generation of employment, etc.) are in place. The Project has 2 yrs. and 5 mos. left and has generated \$50.4 Million in non-trad. ag. exports (70% of the \$71 M target); 6,585 jobs have been generated (47% of the 14,000 target) and there are 3 new project crops (60% of the target of 5).

The Trade and Investment project was authorized as recently as September, 1991, and has made progress in start up activities. Under the Cooperative Agreements with the Federation of Exporters (FEDEXPOR) for the export promotion and the International Executive Service Corp. (IESC) for investment promotion (both signed in September, 1991) 1992 Workplans were prepared by these organizations and the hiring of key personnel is almost complete. Priority sectors have been established (metalworks, ceramics, agroindustry, and to a limited extent tourism investment). Fundacion Ecuador, which will eventually oversee both export and investment promotion and other important activities such as policy dialogue and privatization, beginning to hire staff and is already engaged in privatization activities and in producing a trade policy reform package for the next GOE administration.

In terms of overall SO 1 performance indicators, there has been significant progress in the value of nontraditional exports (not including shrimp), which increased by \$30.1 million in 1991, from \$309.8 to \$339.9 million. Fresh flowers alone increased by \$6 million. Approximately half of this increase is accounted for by nontraditional agricultural exports (NTAE). However, it is important to

note that increases in nontraditional industrial exports (NTIE) reflect developments in agro-industry. For example, tropical juices and fruit preserves increased by \$2.8 million, while industrialized banana (flakes and pure) increased by \$1.4 million. These specific NTAEs and agro-NTIEs received substantial assistance from USAID's NTAE Project.

Program Output Data Gathering

The Strategic Objective Indicators are as follows: 1) gross annual FOB value of nontraditional exports; 2) employment in sectors with high nontraditional exports. As presented in the FY 93/94 Action Plan, Program Outputs (refined during the review period) are: 1) Greater diversification in nontraditional export products; 2) Increase in investment in nontraditional export industries; 3) Improvement in the trade and investment climate; and 4) Increase in foreign exchange earnings from tourism. Indicators and data sources are briefly described below.

Program Output # 1: Greater diversification in nontraditional exports (NTX).

The indicator is the number of NTX products (5 digit CICI categories) with annual FOB value over \$500,000. Data for this are easily obtainable from Central Bank (CB) and FEDEXPOR.

Program Output # 2: Increase in investment in nontraditional exporting industries.

The indicator for this output, for which data are obtained from the CB, is simply the amount of foreign investment in NTX sectors. The Mission would prefer to measure the amount of total investment, but reliable data are not available. Foreign investment does not fully reflect progress in the T&I climate, or the support the Mission is providing in privatization and capital markets development, but it is an acceptable proxy measurement for total investment. During the next few months the Mission will address this issue. Perhaps indicators for privatization or capital mkt. development will be developed.

Program Output # 3: Improvement in the trade and investment climate.

For this PO, the Mission's trade policy agenda was taken into account. The agenda includes: exchange rate liberalization, elimination of trade restrictions, implementation of privatization and capital markets law, tariff reform, implementation of maquila/free zone laws, improvement of the labor code, opening up competition in transportation, reforming laws related to foreign investment, and streamlining procedures to regulate trade. The indicators, at present, are: Export/import license processing time reduced from 3-4 weeks to less than one day; Fundacion Ecuador established and serving as lead private sector org. in coordinating the T&I program; implementation of positive foreign investment-related laws including streamlining of procedures; and reduction of quantitative trade restrictions and prohibitions. Most of these will be measured in terms of passage and implementation of appropriate legislation.

Program Output # 4: Increase in foreign exchange earnings from tourism.

The Indicator for this PO is the no. of foreigners entering with tourist visas, by gender. This information is available from INEC. This PO is the least developed, since the Mission is only beginning to tackle a tourism development strategy, under the T&I Project. A tourism development committee has been formed to examine within the next few months the most salient problems in developing tourism in Ecuador, and to define a comprehensive strategy, taking into account existing eco, cultural and adventure tourism opportunities.

Sector Developments and Issues/Policy Dialogue Developments

The atmosphere for trade policy reform is very promising. There are a number of policy reforms directly related to the trade sector which the Borja administration (in its last year of power) is seeking Ecuadorian congressional approval. These include capital markets reform, monetary law, financial institutions reform and simplification of steps to secure export licenses. The NTAE project provided TA to the GOE and private sector to advise on and draft the law, and to design the one-stop process and form in Central Bank. Both ANDE and FEDEXPOR very actively participated in this process and in lobbying for the law. Due to these efforts, the law was passed in March. The Mission also provided TA from the Securities Exchange Commission to a presidential commission drafting a law on the stock exchanges in Ecuador. This TA was timely and was indispensable to the draft law produced. The law will be presented by the current administration or by the new administration in August, 1992.

The Fundación Ecuador is sponsoring working groups which are producing a package of reforms to be presented to the new administration in late July and to the Ecuadorian congress. This package will address areas related to investment, exports, privatization, decentralizations, the commercial and civil codes, etc. Leading political parties are eagerly awaiting this package.

One sectoral issue which the Mission continues to address is the traditional Sierra/Costa (Mountain/Coast) rivalry (or jealousy). Taking into account the tendency to center activities in Quito (the capital in the Sierra), the Fundación Ecuador has its main offices in Guayaquil, on the coast, but holds alternate meetings in Guayaquil and Quito. The Fundación's Board of Directors is evenly divided between Coast and Sierra members.

Another sectoral issue is the lack of coordination among exporters and organizations representing exporters. The Mission's Trade and Investment Portfolio includes participation by all of the major organizations which include exporters or carry weight in the policy dialogue with the government. Thus, the Chambers of Commerce of the major cities are represented in the Fundación Ecuador, and both the NTAE and T&I projects work with industry and producer associations through the implementing entities. Several mechanisms are in place to coordinate the projects and various organizations involved, including mutual representation by implementing entities on the projects' Bd. of Directors.

Major Events During the Next Six Months

The following important events will take place under the NTAE Project: promotion of the important ANDINATRADE conference (a conf. on trade, investment and

development for Andean countries and others to be held on Nov. 4, 5 and 6); participation with FEDEXPOR and IESC in Expo Sevilla; continuing activities with the AID/W APT-Link Project to promote agro-industry linkages with buyers in the U.S.; and establishment of an Aphis Representation in Ecuador.

Important events under the T&I Project include: Staffing the Fundación Ecuador and establishing financial and administrative control systems; approving the FE's proposal and executing a Cooperative Agreement; completion of initial privatization activities with the BNF and CFN; presentation of the policy reform package to the new administration and congress; commencement coordination of investment activities between the FE and IESC; completion of several major procurements and hiring of staff by FE, FEDEXPOR and IESC; IESC production of media for investment promotion; execution of several agreements between FEDEXPOR and industry associations; and analysis of proposals and selection of TA provider in industrial exports promotion.

The Mission is viewing the upcoming elections with great anticipation, because if one of the two leading political parties wins, trade policy reform and other economic reform is expected to significantly accelerate. If this happens, all of the emphasis on trade policy reform in the SO 1 portfolio will start to pay off during the next six months.

III. PROJECT DESCRIPTION

The Non-Traditional Agricultural Exports (NTAE) Project is intended to promote the economic growth of Ecuador through sustained increases in exports of non-traditional products. Redesignated in 1988-90, the Phase II project's components include: (a) agricultural technology, (b) post harvest handling and quality control; (c) market information and products promotion; and, (d) policy dialogue and export financing.

Phase I of project concentrated only on fruit, vegetables, and flowers. Phase II, amendment 7 dated March 1, 1991 added the following products to the project: wood products, aquaculture, grains, livestock products, seeds, vegetable coloring, medicinal herbs and fibers.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

To contribute to performance indicator under SO1 (i.e. increase F.O.B. value and employment under NT exports), the EOPS targets under NTAE include \$71 million in NTAE exports and 14,000 new jobs. To date, NTAE exports have reached \$44 million and employment increased by 6,585 jobs. The NTAE Project contributes directly to USAID/Ecuador's Strategic Objective No. 1, "Increased Trade and Employment" in Non-Traditional Exports through its impact on the following Program Outputs:

-- Product diversification: EOPS target's 5 new diversified crops at an export value of \$2 million each. To date, the project has made significant progress towards achieving the project's target by expanding production in the following crops: pineapple, melons, mangoes, asparagus and passion fruit.

-- The project is continually promoting new investments in NTAE products. Apart from the credit line in the Central Bank, terminated in December 1990, two credit lines are being channeled through the Corporación Financiera Nacional with ESF resources directed to new export products and to small enterprises that are export oriented. The Commonwealth Development Corporation (CDC), gave a US\$4,000,000 loan to a flower producer to increase its flower production by 13 hectares.

-- Trade and investment climate. The NTAE is supporting numerous policy dialogue activities in the areas of foreign investment, macroeconomic policy reform and a reduction of barriers which have improved significantly Ecuador's trade and investment climate.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

Purpose: To establish a healthy, growing NTAE sector, supported by effective, self-sufficient services.

EOPS indicators:

1. Sales value per year FOB reaches \$71 million by 1994.
2. Agricultural exports become more diverse (five new crops, each with an export

value of at least US\$2 million by 1994)

3. Foreign and Ecuadorian investment in NTAE sectors increases over the project period.
4. Ecuadorian NTAE exports earn market acceptance based on product quality and dependability of suppliers.
5. Benefits of increased exports are distributed equitably (1,500 growers by 1994; of which 65% are women).

Official statistics from the Central Bank indicate that exports increased to \$44.0 million by March 1992.

All branch offices are fully staffed and providing services under all components. In December, 1991, a specialist in Quality Control and Post-harvest handling was hired on a long-term basis and has greatly contributed to the quality of export production.

Provision of plants and seeds has been successfully implemented. Pineapple seeds, imported from Colombia and Costa Rica, that will multiply the number of improved seeds and expand the production area has been completed.

Agricultural technology and marketing promotion continue with the introduction of 50 new products. Technical assistance was provided to 108 producers.

New contacts were established in Chile, United States, Belgium, France and Canada which have produced an increase in exports.

VI. PROGRESS DURING REPORTING PERIOD

1. Opened new office in Santo Domingo de los Colorados.
2. Approved 1992 Workplan.
3. Actively lobbied and obtained approval of the "Ley de Facilitación de las Exportaciones" (one stop window).
4. Contracted, with local firms, surveys to measure project impact and phytosanitary conditions resulting from project execution. The fruit fly trapping program is fully operating.
5. Initiated supply of plants and seeds to producers (i.e. two million pineapple seedlings are being provided to farmers).
6. Ecuador selected as one of the three countries in Latin America/Caribbean area as beneficiaries of the APT Link Project (agro-processing and trade linkages promotion) to facilitate trade ties between U.S. Marketing Cooperatives and farmer-owned organizations in Ecuador.
7. Negotiation to establish an APHIS/P.P.Q. resident representative in Ecuador began. A USDA/OICD group of representatives visited Quito in

March.

8. Implemented official announcement for the Andina Trade' 92 Conference to be held in Quito in November.
9. Hired long-term Quality Control and Post-Harvest Handling Specialist.
10. Provided technical support to new products, such as: tropical flowers, ornamental plants and trout.
11. Participated in international fairs: Food Pack of the Americas, Agritrade, PMA, Anuga, supporting Ecuadorian exporters and producers in those events.
12. Two credit lines with ESF resources in the Corporación Financiera Nacional are now in full operation. A loan for \$4,000,000 was given by a private sector firm, Commonwealth Development Corporation, for flower production to Florinsa, a private sector firm.
13. Cooperation contracts were signed with Ecuadorian universities.

VII. GENDER CONSIDERATIONS

A 1991 study found that women are obtaining 80% of the new jobs created by NTAE product activity. Also, the project sponsored a training program on the handling of agricultural chemicals and pesticides, and use of protective equipment. Women are the principal beneficiaries. All project activities include women as participants and beneficiaries.

To increase women's participation in the training program and other NTAE activities, the project will seek to exempt women from paying fees.

The project has placed emphasis on hiring women for new positions. For example, Quality Control and phytosanitary programs in the coastal area are being managed by professional women.

A study, to measure employment generation for women resulting from project activities, is underway.

VIII. EVALUATIONS AND AUDITS

Price Waterhouse is conducting an audit of counterpart contributions.

A project audit will be completed in June 1992.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

PROEXANT has created an image of providing good technical services. It is viewed as an independent association providing technical assistance, agricultural technology, marketing information, and other services which are scarce in the country. Other associations/organizations view PROEXANT as a competitor. We need to analyze the future of PROEXANT as a possible component of the Trade and Investment Project with the Fundación Ecuador.

Budgetary issues need to be addressed. According to the present budget, 80% of the total will be spent by the end of 1992. This means that sufficient funds may not be available to fund project activities in 1993 and 1994.

Additional funds to support PROEXANT may be sought from the Trade and Investment Project.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Continue promotion of ANDINA TRADE'92 to be held in Quito next November.
2. Co-participation with NTIE in the Expo-Sevilla 92 trade fair.
3. Implementation of activities with selected firms under the APT Link project.
4. Establishment of the APHIS Representative in Ecuador.
5. Move to new office in Quito.
6. Strengthen marketing promotion of new products for export.
7. Lobby the new Government on "Políticas de Fomento a las Exportaciones Agrícolas No-Tradicionales".
8. Continue investment promotion activities and obtain financial support from other agencies such as CDC, for export projects.
9. Complete study on phytosanitary conditions, fruit fly trapping, and pesticides management.

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PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

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I. BACKGROUND DATA

Project Title: Trade and Investment Project
 Project Number: 518-0094
 Date of Authorization: original 08-29-91 last amendment 00-00-00
 Date of Obligation: original 08-30-91 last amendment 01-27-92
 PACD: original 09-30-97 last amendment 00-00-00
 Implementing Agencies: FEDEXPOR/CISE/Fundación Ecuador
 Major Contractors: Price Waterhouse
 AID Project Officer: P. Lopera/E.Guillén/James Watson
 Status of CPs/Covenants: N/A

Date of Last Evaluation: N/A Next evaluation: 09-30-93
 Date of Last Audit: N/A Next Audit: 12-31-92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$10,000,000 last amend \$0,000,000
 Amount Obligated: DA Grant: original \$ 2,109,000 last amend \$2,666,011
 Current FY Oblig.: Grant: \$ 557,000
 Amount Committed: Grant - Period: \$ 1,459,000
 Cumulative: \$ 1,636,211
 Accrued Expenditures: Grant:
 Period - Projected: \$ 900
 Period - Actual: \$ 141,472
 Cumulative: \$ 141,272
 Period - Next: \$ 900,000
 Counterpart Contribution: Planned: \$ 4,222,916
 Actual:
 % LOP Elapsed: 12%
 % of Total Auth. Oblig. (Grant) 27%
 % of Total Oblig. Exp. (Grant) 6%
 % of Total Auth. Exp. (Grant) 2%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
1. Services to improve industrial exports	350	0	0	0	0	0	0
2. Trade and investment serv.	120	0	0	0	0	0	0
3. Increase in export earnings	\$24'	2	2	\$1'	0	0	0
4. Increase in employment (65 women)	7,000	400	400	200	0	0	0
5. New Ventures under maquila and free trade zones	10	1	1	2	0	0	0

2. Training (persons)

	M	F	M	F	M	F	M	F	M	F	M	F
Long term	0	0	0	0	0	0	0	0	0	0	0	0
Short term	280	120	280	120	200	30	190	29	190	29		

III. PROJECT DESCRIPTION

The project goal is to support the achievement of broadly-based sustainable economic growth. The project purpose is to support Ecuador's transition toward an outward-oriented growth strategy through the provision of quality export and investment promotion services and through the development of viable Ecuadorian trade and investment promotion organizations. T&I consists of three components: 1) export promotion services, 2) investment promotion services, and 3) institutional strengthening and policy dialogue, all of which are included in Phase I of the project. The project will be implemented over a period of six years with a total LOP funding level of \$13,778,000 comprised of dollar-appropriated funding totalling \$10,000,000 (73%) and estimated counterpart contributions of \$3,778,000 (27%).

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The Nontraditional Agricultural Export Project (NTAE 518-0019) and the Trade and Investment Project (T&I 518-0094) will contribute to PO 1, by diversifying agricultural and industrial exports and by increasing production. Activities include: technology transfer, in production, processing and marketing; promotion efforts, including participation in fairs and a market information service; enhancement of quality control; and stimulation of provision of export services by private firms and training in export marketing.

Toward PO 2, T&I Project activities as conducted by International Executive Services Corps (IESC) and the Fundación Ecuador include: the development of an Ecuadorian capability in investment promotion; privatization and capital markets development; promotion of joint ventures; IESC technical assistance and use of investors' network; and, production of informational material and training.

Under the T&I Project, the Fundación Ecuador will be coordinating the private sector's policy reform effort with the GOE in order to improve the trade and investment climate, the third program output of SO1. Areas to be addressed will be: exchange rate liberalization, elimination of trade restrictions, implementation of privatization and a capital markets law, tariff reform, implementation of maquila/free zone laws, improvement of the labor code, opening up competition in transportation, reforming laws related to foreign investment, and streamlining procedures which regulate trade. The Trade Policy Reform Program will complement these efforts by providing technical assistance to the GOE in reform areas and dollar disbursements for achieving policy conditionality.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

Fundación Ecuador is legally constituted with personal approval of President Borja, and Price Waterhouse delivered management and financial control procedures manuals to the Fundación in March. Temporary office staff is in place and the recruitment process for permanent staff is underway. A Cooperative Agreement between USAID and the Fundación is expected to be finalized in June.

VI. PROGRESS DURING REPORTING PERIOD

Investment Component

- Personnel and office space selection processes have been completed for both Quito and Guayaquil.
- The general manager of Investment Promotion visited Stamford, Connecticut, New York and Miami for promotion activities. The U. S. Based Project Officer came to Ecuador for a week of coordination meetings with IESC and USAID staff.
- The Project Officer of USAID traveled to Washington, Stamford and New York for a seminar in Export and Investment Promotion and carried out promotion activities in Stamford and New York.
- Three main sectors, food processing, metalwork and ceramics were identified to receive support.

- A IESC- Volunteer Executive completed a survey and provided technical assistance in the metalwork sector.

- Approved 1992 IESC-TIS workplan.

Fundación Ecuador

The Fundación Ecuador (FE) is in the process of: hiring personnel; establishing financial and administrative controls; and, preparing its proposal for the Cooperative Agreement. It is working with other entities to define its role as an "umbrella organization".

FE, in response to requests from leading political parties in Ecuador, organized a program to prepare an economic reform agenda whereby the next Ecuadorian Government (commencing in August 1992) can initiate new reform legislation. A contract is to be negotiated with Price Waterhouse for the recruitment of the technical consultant teams to draft the requisite legislation.

FE commenced office operations during March in temporary office space and is scheduled to move to permanent quarters in May. The permanent administrative staff is anticipated to be in place in June.

A major buy-in contract with Price Waterhouse/International Privatization Group (PW/IPW) has been arranged through AID/Washington Bureau for Private Enterprise for the provision of technical services to facilitate transactions involving state-owned enterprises in Ecuador plus the organization of privatization seminars.

Banco Nacional de Fomento requested PW/IPG to prepare a privatization plan for several companies in the bank's portfolio. Corporación Financiera Nacional is expected to seek PW/IPG assistance in the structuring of a mutual fund with the privatization of several CFN-owned firms.

FEDEXPOR

The Cooperative Agreement for the NTIE component of the T&I project was signed on September 12, 1991 with FEDEXPOR. Accordingly, during the review period, FEDEXPOR has been engaged in a number of start-up activities summarized as follows: office space was consolidated so that project personnel were all in one location in Quito; 8 of the 16 project personnel were selected and hired; FEDEXPOR completed its annual Work Plan (WP) for end of 1991 and 1992; several seminars were held; office equipment was procured and FEDEXPOR carried out an extensive analysis of computer needs and acquisition; the RFP for the U.S. TA contract was issued; FEDEXPOR successfully lobbied for the passage of the Export Facilitation Law; and targeted sectors were identified and FEDEXPOR began working out agreements with trade associations representing those sectors.

Perhaps the most important accomplishment was FEDEXPOR's preparation of an acceptable Workplan. This was a complicated process since FEDEXPOR had to come to agreement within the project's Technical Committee (TC) and with USAID on the priority sectors, based on studies in comparative advantage. Agreement was made on the metalworks, ceramics and food industry sectors. FEDEXPOR's mode of working with those sectors will be through agreements with trade associations in order to

target specific TA to firms. These arrangements will also increase counterpart resources in this component. For example, in the agreement the association representing metalworks will dedicate its own resources from the Andean Development Foundation, and Southeast Research Institute to the activity with FEDEXPOR.

VII. GENDER CONSIDERATIONS

It is believed that an expansion in investment and export should lead to a corresponding increase in demand for women's labor. A baseline study on women's employment in the agricultural and industrial sectors was conducted by GEMINI to provide gender disaggregated data. Additionally, an agreement between FEDEXPOR, INEC, and INEM is being explored in order to obtain information about employment in Ecuador segregated by gender to enable us to measure progress under strategic objective indicator.

VIII. EVALUATIONS AND AUDITS

Quarterly reports have been presented by the implementing entities. Annual assessments will be conducted during the life of project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

Investment Component

- We had some problems in hiring the General Manager of Investment Promotion in Guayaquil.
- The budget of the 1992 Workplan for Investment Promotion was restructured.
- An investment promotion strategy needs to be developed.

FEDEXPOR

- FEDEXPOR's involvement with the food industry has to be carefully coordinated with NTAE activities.
- Leatherwork is an area which has much potential, but USAID must outline the parameters of any involvement, given the Lautenberg Amendment.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

Investment Component

- Purchase two cars for investment promotion, one for Quito and one for Guayaquil.
- Prepare pamphlets, brochures, video, etc. for promotion.
- Strengthen investment network in Quito and Guayaquil.
- Complete two new investment projects.

Fundación Ecuador

- Design and implement administrative systems for Fundación Ecuador establishment.
- Monitor implementation of administrative, financial, and accounting systems for Fundación Ecuador.
- Complete Fundación Ecuador structuring and staff hiring.
- Help FE prepare proposal and become certified as a PVO.
- Approve Fundación Ecuador Cooperative Agreement.
- Complete initial privatization plan for several BNF companies.
- Commence feasibility analysis of a CFN mutual fund.
- Complete economic reform legislation.
- Commence investment promotion program coordination between Fundación Ecuador and IESC.

FEDEXPOR

- Design and implement a coordinated statistical data sharing system for trade and investment.
- Preparation of the RFP and contracting of the off-shore technical assistance.
- Approve the FEDEXPOR Work Plan.
- Execute agreements with associations representing sub-sectors.
- Receive proposals for TA, select a TA provider, and begin assistance to specific sectors.
- Participate in several important exhibitions/trade shows, such as Sevilla 92.
- Hire 6 additional staff to be financed by FEDEXPOR.
- Complete procurement transactions.

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

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BACKGROUND DATA

Project Title:	Fiscal Administration Development	
Project Number:	518-0042 (Loan 518-W-061)	
Date of Authorization:	original 01-13-85	last amendment 03-16-90
Date of Obligation:	original 03-29-85	last amendment 06-03-87
PACD:	original 07-31-89	amended to 07-31-92
Implementing Agencies:	Ministry of Finance (MOF), General Direct.Revenues	
Major Contractors:	CIAT	
AID Project Officer:	Edgar Guillén	
Status of CPs/Covenants:		
Date of Last Evaluation:	10-15-89	Next evaluation: 07-31-92
Date of Last Audit:	08-31-91	Next Audit: 05-31-92

FINANCIAL DATA

Amount Authorized:	DA Grant: original	\$4,800,000	
	Loan: original	\$2,000,000	last amend \$2,250,000
Amount Obligated:	DA Grant: original	\$1,500,000	last amend \$4,800,000
	Loan: original	\$1,000,000	last amend \$2,250,000
Obligated this FY:	Grant:	\$	
	Loan:	\$	
Amount Committed:	Grant - Period:	\$ (282,686)	
	Cumulative:	\$4,221,626	
	Loan - Period:	\$ (37,459)	
	Cumulative:	\$1,744,233	
Accrued Expenditures:	Grant:		
	Period - Projected:	\$ 150,000	
	Period - Actual:	\$ 1,770	
	Cumulative:	\$4,221,626	
	Period - Next:	\$ 220,300	
	Loan:		
	Period - Projected:	\$ 210,000	
	Period - Actual:	\$ 63,479	
	Cumulative:	\$1,456,116	
	Period - Next:	\$ 175,000	
Counterpart			
Contribution:	Planned:	\$3,559,000	
	Actual:	\$2,847,200	
% LOP Elapsed:		96%	
% of Total Auth. Oblig. (Grant)		100%	
	(Loan)	100%	
% of Total Oblig. Exp. (Grant)		88%	
	(Loan)	65%	
% of Total Auth. Exp. (Grant)		88%	
	(Loan)	65%	

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED				% OF LOP					
	PERIOD		NEXT PERIOD		PERIOD		CUM							
	M	F	M	F	M	F	M	F						
1. Logframe outputs, including sex disaggregated data, e.g.	N/A													
2. Training (persons)* Short term	2.8	.7	1.0	.5	.6	.2	.8	.4	1.0	.5	2.6	.9	93	128

* Figures are presented in thousands.

III. PROJECT DESCRIPTION

This project is designed to strengthen the General Directorate of Revenues (GDR) collection and administrative abilities. The PACD was extended to July 31, 1992 in order to consolidate "institutionalization" of the January 1990 tax reform legislation. Activities under this component include:

- Technical assistance to the MOF to help it to implement aspects of the new law.
- On-the-job training for Ministry of Finance (MOF) staff nation-wide including GDR.
- Public education and information dissemination about the new Tax Reform Law.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

N/A

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The original project purpose was to increase central government fiscal revenues, especially from income and sales taxes. The EOPS was a net increase in non-petroleum revenues of S/.25 billion by the PACD, above and beyond what would have been expected in the absence of the Project.

Tax-based revenues for the last five months (Sept. 91 - January 92). were 344.4 billion sucres versus 217.6 billion sucres during the same period of 90-91. This represents in nominal terms a 58.2% increase for the period which given the inflation rate of 49%, is considered a significant increase.

The main focus of the project extension is to consolidate the administration of the 1990 tax reform. Progress has been made in both the public education and information dissemination component as well as in providing technical assistance and training in key areas of the tax reform administration. With the last presentation of two vouchers for a total of S/.77'000.000 all the amount for publications is utilized. The rate of expenditures has also improved.

VI. PROGRESS DURING REPORTING PERIOD

The one year project extension included the reprogramming of US\$490,000 (Loan US\$190,000; Grant US\$100,000 and ESF US\$200,000) to finance Technical Assistance activities.

A "Practical Guide, part II" (Gufa Tributaria, parte II) was already published and on January 23, 1992 the HCC between the MOF and CIAT was signed.

The Inter-American Center of Tax Administration (CIAT) continued to provide Technical Assistance to the Project. Technical Assistance includes:

Tax administration: A mechanized audit system which includes a pilot program to identify and process information from 2,000 "Large scale tax-payers" was developed. This represents 85% of the total number of identified "Large scale tax-payers" in Ecuador. Procedures to identify and control tax payer non-compliance have been developed and the use of computerized tax return forms have been implemented in 3 of the 5 regional offices. The other two will be added in the next three months.

Organization and Management: A proposal for the new organizational structure for the General Directorate of Revenues (GDR) has been analyzed and approved by GDR senior officials. The proposal has been presented for final approval by the Minister of Finance.

Systems: A fully equipped computer training Center in Quito and Guayaquil is in place.

Training: A total of 87 seminars divided as follows:

- 3 seminars on "General Administration" held in Quito and Guayaquil, with a total of 96 participants (60 women, 36 men).
- 17 seminars on "Tax Administration" held in Quito, Guayaquil, Ambato, Cuenca and Portoviejo, with a total of 561 participants (168 women, 393 men).
- 38 seminars on "Tax education" held in Quito, Ambato, Ibarra, Esmeraldas, Tulcán, Latacunga, Guaranda, Babahoyo, Macas, Tena, Puyo, Loja, Zamora for a total of 3.040 tax payers.
- 29 seminars on "Computer Sciences", held in Quito, Guayaquil, Cuenca and Portoviejo with a total of 870 participants (200 women, 600 men).

VII. GENDER CONSIDERATIONS

The project does not specifically target individual beneficiaries with the exception of training. Here the numbers of female participants is lower than expected because the project overestimated the number of women to be trained.

VIII. EVALUATIONS AND AUDITS

- An annual financial audit conducted by Price Waterhouse was concluded. The firm report will be received by the end of May.
- To comply with the HCC requirements in State 3999 of 11-27-90, an assessment of the MOFs capability to carry out the procurement process was conducted by Price Waterhouse. This assessment concluded that the GDR does not have sufficient capacity for procurement. Consequently, at the request of the GDR, AID approved the transfer of the remaining procurement actions to CIAT.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

- The approval of the HCC by the GOE was delayed almost two months due to the lengthy approval process by the General Comptroller of Ecuador. The HCC was finally signed on January 23, 1992.
- The delay by the GDR in utilizing the funds for procurement and office remodelling continue to be an issue. To resolve this problem USAID is approving the transfer of these activities to CIAT.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

- Install and implement the new system for small tax-payers of IVA. (DGR - 6/92).
- Implement the new version of the RVC. (DGR - 6/92)
- Edit the "Tax guide" parts III and IV; "Glosario Jurídico-Tributario"; "Sentencias de Casación del Tribunal Fiscal", and others. (DGR - 6/92)
- Continue with the training program in different areas. (CIAT - 7/92)
- Procure other equipment complementary to the current stock of computers being used within the project as well as remodel 5 regional offices of the MOF.
- Install the new system for large scale tax payers in two regional offices of the MOF. (DGR - 7/92)
- Request final report of the financial audit conducted by Price Waterhouse and follow up compliance of its recommendations (6/92 - E. Guillén)

SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE NO. 2
"Increased Farm Income on Small and Medium Farms from Selected Commodities"
Second Semester, FY 1992

1. Assessment of Overall Performance of Strategic Objective's Portfolio

The main program activities (projects) contributing to the Mission's second Strategic Objective--the Agricultural Sector Reorientation Project (ASRP) and the Agricultural Research, Extension and Education Project (AREEP) -- continued to show good progress over this reporting period. Under the ASRP, both IDEA and the MAG's Division of Policy Analysis (DAP) came up to full strength, with both organizations turning out high quality analyses. Impacts are beginning to be felt, as for example, the DAP's work led directly to a reform of the banana reference price policy. The MAG's Statistics and Computer Center units also demonstrated for the first time the capacity to produce timely and objective crop production estimates. Meanwhile, IDEA carried out studies and related dialogue on land markets, exchange rate and trade policy, and other topics. In addition, IDEA prepared an agricultural policy "position paper" for discussion with the Presidential candidates. IDEA also began to focus more on attracting non-AID funding to support its operations, a requisite for institutional sustainability, although much more remains to be done.

Implementation of the AREEP by FUNDAGRO continued to be smooth for the most part. A full-time Director of Development was hired to help raise funds and in general enhance FUNDAGRO's image and credibility, while negotiations continued with the Ecuadorian-Canadian Fund and the CAF on two FUNDAGRO project proposals. Thus, FUNDAGRO continued its efforts toward financial viability. In addition, FUNDAGRO continued its assistance to INIAP on matters related to institutional strengthening. FUNDAGRO also participated in helping to refine the part of the SO 2 M and E plan related to agricultural technology.

Finally, the Land Titling Project ended, with its operations being continued by the PREDUR foundation with the support of food aid funds.

2. Strategic Objective Indicators and Progress

Strategic Objective: Increased income on small and medium farms from selected commodities

Indicators: (a) gross real income per ha. from selected commodities; (b) gross real income accruing to farms of 20 ha. or less from selected commodities

Output 1: Reduced distortions in priority markets

Indicators: (a) nominal protection rate on importable products; (b) nominal protection rate on exportable products

Output 2: Increased efficiency of production and processing of selected commodities

Indicator: increased efficiency in production

Considerable progress was made during the reporting period in refining the SO 2 performance indicators and their targets as well as the program outputs, indicators and targets. These changes and the logic behind them are discussed in the new Action Plan.

Work also continued on the SO 2 monitoring and evaluation plan, with emphasis on the FUNDAGRO (AREEP) side of the SO tree. Consultants Lambert and Blumberg led this effort, which involved defining activity indicators, assessing existing baseline data and needs for follow-up surveys, determining data needs for the new Agricultural Sector Development Project, discussing potential special studies, and integrating gender considerations into the M and E plan. Development of this plan will require further short-term technical assistance, which should be provided during the next reporting period.

3. Sector Development and Issues Relating to the Strategic Objective

The period of October 1991-March 1992 included a number of political and socio-economic events which affected the realization of the strategic objective of increasing farm income on small and medium farms in Ecuador. In the macroeconomic context, for example, on December 3-4, 1991, President Rodrigo Borja attended a two-day conference in Cartagena, Colombia with the presidents of Bolivia, Colombia, Peru, and Venezuela to discuss progress in establishing an Andean region free trade zone by the end of 1991 and a regional common market by 1995. These leaders had serious differences of opinion on a common external tariff policy and free trade among the countries. In spite of the recalcitrance of Peru and Ecuador to immediately open their borders for intraregional trade and to agree to a common external tariff of 5-20 percent, Colombia and Venezuela adopted such a common external tariff and eliminated tariffs on imports originating from countries within the region on January 1, 1992.

These trade policies of Colombia and Venezuela were adopted on the premise that the other three countries of the region would adopt the same policies by July 1, 1992. The awaited free trade within the region, however, was adversely affected by Ecuador's persistent interest in exempting some 1,000 items from the free trade list, Bolivia's interest in maintaining a low uniform tariff for all goods, the attempted military coup in Venezuela in early February, and Fujimori's decision to disband the Peruvian Congress in early April and renege on the efforts to negotiate a common trade policy for the region. Consequently, the progress made previously to develop a common market and customs union for the Andean region slowed considerably during this reporting period. Nevertheless, Foundation IDEA, in coordination with the National Rice Growers Federation, the Ministry of Agriculture, and the Agricultural Chambers of Ecuador, continued to actively lead the discussions on the benefits of free trade not only intraregionally, but with the rest of the world as well. The policy recommendations of IDEA for promoting international free trade, especially for agricultural commodities, support the recommendations of President Bush's Enterprise for the Americas Initiative.

The adoption of a free trade policy for the Andean region and the rest of the world should provide the impetus to liberalize agricultural and food prices and to decrease costly government interventions which distort free market price signals and lead to the inefficient allocation of resources in Ecuador. The policy work of IDEA, FUNDAGRO, and ANRO/USAID continued to support those private and public sector groups who advocate policy reforms which lead to greater agricultural market liberalization, productivity, and competitive efficiency. For this reason, continuing efforts are being made not only to improve the pricing and market efficiency of agricultural products and inputs, but also to study and promote ways to create a more efficient and viable agricultural REE system. The building of support for these proposed policy reforms among private producer groups and public decision-makers has been a slow and arduous task that has been deterred by widespread misinformation on the cause and effects of free market economic policies and by strong rent-seeking interest groups. Consequently, a majority of elected representatives in the Ecuadorian Congress have continued to support the populist view that consumer prices have to be controlled by fiat to protect the low income classes and that public support for REE activities is a low priority compared to direct social service consumer expenditures.

The Consumer Defense Law, passed in July 1990, continues to be the most serious legislation impeding the further liberalization of food and agricultural prices. With this law the government can continue to arbitrarily impose maximum retail prices on several basic consumption items, including food products, which freezes producer prices with the concomitant disincentives for greater agricultural investment and production. In addition, many populist congresspersons, most of whom are seeking reelection, have increased the pressure to reinstitute massive public spending and general consumer subsidies. Also, incentives to produce tradable goods (exportables and importables), especially agricultural, were decreased by not allowing the nominal exchange rate to devalue at a faster rate. This misguided development strategy has continued to deter the government's lackluster efforts to privatize the state-owned agricultural enterprises (e.g., ENAC, ENPROVIT, Fertisa, Aztra, Ensemillas).

Thus, the need for USAID's efforts to convince the new government to implement the proposed free market policy reforms on trade, taxation, monetary and fiscal policy continues to exist. This effort must be strengthened in the next six month period, as the first round voting for president and congress will be on May 17th, the run-off elections will be on June 7th, and the inauguration of the new government will be August 10th. Thus, a series of policy dialogue seminars with the newly elected officials will be critical to implement the necessary policy reforms that will lead to a more open economy and to increased farm incomes, especially for small and medium farms, in a cost-effective manner. These policy reforms will be particularly critical for the agricultural sector, given the heavy rains in the January-March period that have caused serious flooding in the Ecuadorian coastal regions. Preliminary crop loss estimates of the Ministry of Agriculture in early April indicated that approximately 18,000 hectares (13 percent of total production) of rice and 2,300 hectares (2 percent of total production) of bananas were lost to flooding.

4. Policy Dialogue Agenda Related to the Strategic Objective

During this reporting period, IDEA, FUNDAGRO, and ANRO/USAID continued their active involvement in policy dialogue with the Ecuadorian public and private sectors to achieve the strategic objective of increasing farm incomes on small and medium farms. As stated above, the policy dialogue activities dealt with both macroeconomic and sectoral policies influencing agricultural trade, production, and institutional development. Monthly reports prepared by Dr. Duty Greene (Sigma One Corporation) indicate that more than 50 major policy dialogue events (seminars, briefings, meetings) took place during this reporting period. These events included the discussion of key issues of the USAID/Ecuador Agricultural Sector Assessment Report (now translated into Spanish and being sold by IDEA), autonomy for INIAP, agricultural trade and price policy recommendations for the major agricultural commodities, situation and outlook reports for key agricultural products and inputs, methods to improve the collection, processing, and publication of agricultural production and market data and information, and the privatization of state-owned agricultural enterprises. In general, the objective of these events was to inform Ecuadorian decision-makers about the importance of implementing the appropriate macroeconomic and trade policies, free market prices in an open economy, and a science-based agricultural production system in the public and private sectors.

The long-term Sigma One Corporation macroeconomist (Dr. Duty Greene), the IDEA economists and analysts (Dr. Hugo Ramos, Dr. Carlos Camacho, Dr. Fernando Ortiz, Dr. Eduardo Rosero, Mónica Acosta, Fernando Suárez, and Mónica Navas), the Directors of IDEA and FUNDAGRO (Neptalí Bonifaz and Jorge Chang), the Coordinator of the ASRP (David Flood), the ANRO Director (David Alverson) and ANRO Staff (Mónica Suquilanda) were the principal USAID-funded persons working in policy analysis and dialogue to achieve the strategic objective of increasing farm incomes on small and medium farms. In addition, short-term assistance in the policy analysis and agricultural statistics and information areas from the Sigma One Corporation contract provided Dr. Morris Whitaker, Carlos Criollo, John Strasma, and Loyd Brown who produced key documents and surveys and led important seminars and workshops in Quito and Guayaquil during this reporting period.

5. Expected Major Events, Accomplishments, and Actions During the Next Six Months

- a. Begin design of new Agricultural Sector Development Project.
- b. Carry out evaluation of the Agricultural Sector Reorientation Project.
- c. Prepare PL-480 Title I proposal if USAID receives green light to do so.
- d. Complete SO 2 M and E plan.
- e. Pass the INIAP autonomy law.
- f. IDEA presents new agrarian law to Ecuadorian Congress.
- g. Augment FUNDAGRO's and Wilson Popenoe Foundation's endowments with proceeds of FY-91 sorghum donation.

- h. FUNDAGRO signs agreements with other donors for various REE activities.
- i. IDEA signs agreements to do agricultural policy studies for World Bank, IDB, CAF and other donor and/or producer groups.
- j. IDEA finalizes its financial analysis, operational procedures to systematize new business activities.
- k. Wilson Popenoe Foundation hires new Development Director.
- l. IDEA initiates institutional strengthening of FENARROZ.
- m. MAG/DAP prepares sector briefing book for new Minister of Agriculture.
- n. Sign and implement no cost extension of AREEP Cooperative Agreement.

6. Review of Previous SAR's "Actions to be Taken Over the Next Six Months"

- a. Passage of INIAP autonomy law: Pending; law still with Ecuadorian Congress.
- b. Import and sell FY 91 Food for Progress sorghum; program LC generations: All sorghum imported, most sold; programming of LC in progress.
- c. Fundagro signs various agreements with other donors for REE activities: Pending.
- d. Amend FUNDAGRO C.A. to extend PACD to 12/31/94 and reprogram funds to meet future requirements: Training component extended to 12/31/94; the rest pending.
- e. Negotiate FUNDAGRO's participation in two centrally funded CRSPs related to sustainable agriculture: FUNDAGRO's participation in one CRSP fell through; FUNDAGRO is still preparing a proposal for other CRSP.
- f. Augment FUNDAGRO's and Wilson Popenoe Foundation's endowments with proceeds of FY-91 sorghum donation: Pending.
- g. Carry out external evaluation of ASRP; resolve FY-92 funding level for project: Evaluation will begin 5/12/92; FY-92 funding level resolved.
- h. Review and resolve institutional questions concerning MAG and IDEA under ASRP: Done.
- i. Prepare and secure AID approval of 1992 work plans for the MAG and IDEA (ASRP) and FUNDAGRO (AREEP): Done.
- j. Close out Land Titling Project; support counterpart's efforts to secure other donor support to continue program: Done.
- k. Explore possibilities of FY-92 food aid program: On-going.

PROJECT STATUS REPORT
October 1, 1991 - March 30, 1992

A ___ B x C ___

I. BACKGROUND DATA

Project Title: Agricultural Sector Reorientation
 Project Number: 518-0051 (Loan 518-T-063)
 Date of Authorization: original 07-30-85 last amendment 06-14-90
 Date of Obligation: original 07-31-85 last amendment 04-19-91
 PACD: original 07-30-90 last amendment 12-30-94 *
 Implementing Agencies: Ministry of Agriculture and Livestock (MAG)
 Institute of Agricultural Strategies (IDEA)
 National Institute for Census and Statistics (INEC)
 Major Contractors: Sigma One Corporation
 AID Project Manager: Mónica Suquilanda
 Status of CPs/Covenants:

 Date of Last Evaluation: 03-10-89 Next evaluation: 05-11-92
 Date of Last Audit: 07-30-91 Next Audit: 07-31-92

* For IDEA training component only

FINANCIAL DATA

Amount Authorized: DA Grant: original \$7,100,000 last amend \$10,700,000
 Loan: original \$1,400,000 last amend \$ 0,000,000
 Amount Obligated: DA Grant: original \$ 700,000 last amend \$10,226,000
 Loan: original \$1,400,000 last amend \$ 0,000,000
 Current FY Oblig. Grant: \$1,049,999
 Loan: \$ 0
 Amount Committed: Grant - Period: \$ 363,249
 Cumulative: \$9,453,152
 Loan - Period: \$ 35,469
 Cumulative: \$1,221,482
 Accrued Expenditures: Grant:
 Period - Projected: \$ 708,722
 Period - Actual: \$ 283,396
 Cumulative: \$8,672,260
 Period - Next: \$ 159,905
 Loan:
 Period - Projected: \$ 141,000
 Period - Actual: \$ 10,654
 Cumulative: \$1,196,068
 Period - Next: \$ 0
 Counterpart Contribution: Planned: \$4,000,000
 Actual: \$ 120,000 (National Budget) Estimated
 \$ 150,000 (PL-480 Local Currency Funds)
 % LOP Elapsed: 82%
 % of Total Auth. Oblig. (Grant) 96%
 (Loan) 100%
 % of Total Oblig. Exp. (Grant) 85%
 (Loan) 85%
 % of Total Auth. Exp. (Grant) 81%
 (Loan) 85%

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II. MAJOR OUTPUTS:

The major output of the Project is the institutionalization of a sustainable capacity for agricultural policy analysis in both the public and private sectors, supported by sustainable information systems in the areas of production statistics, price information, and agroclimatic impact information.

1. Technical Leadership assigned to DAP

PLANNED				ACCOMPLISHED			% OF LOP
LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	LOP	
	Continues to be met			Achieved May 1990			

2. Improve crop yield models for major commodities.
 a. Expand monitoring system from 35 to 75 sites
 b. Establish verified crop yield models for 6 major commodities

	PLANNED			NEXT PERIOD	ACCOMPLISHED		% OF LOP
	LOP	PERIOD	CUM		PERIOD	CUM	
a. Expand monitoring system from 35 to 75 sites	75	-	35	0	0	35	47
b. Establish verified crop yield models for 6 major commodities	6	3	6	0	3	6	100

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	PLANNED				ACCOMPLISHED					
	LOP		CUM		PERIOD		CUM		% OF LOP	
	M	F	M	F	M	F	M	F		
3. Training	10	0	4	2	0	0	5	50	-	
Long term*	-	-	-	-	-	-	69	31	69	31
Short term (local)	-	-	69	31	-	-	69	31	69	31

* Private sector component with Fundación IDEA

III. PROJECT DESCRIPTION

The ASRP promotes quantitative agricultural and natural resource policy analysis and associated policy dialogue, based on valid and timely price, production and other data, to foster greater reliance on free market prices and reduced government intervention in the agricultural and natural resources sector. The ASRP consists of the following activities:

- A. Economic Policy Analysis
 1. Public Sector: Policy Analysis Division/MAG
 2. Private Sector: IDEA Foundation

Purpose: Institutionalize policy analysis capacity in each. In the public sector, the emphasis is on the analysis and reporting of crop projections and prices. In the private sector, the emphasis is on policy studies and dialogue leading towards policy reforms.
- B. Agricultural Prices and Market News Reporting Service. Purpose: To institutionalize a national system for monitoring and reporting on domestic and international prices of major commodities.
- C. Agricultural Crop and Livestock Reporting Service. Purpose: To provide accurate, relevant, and opportune production data and information on major commodities for the purpose of making crop production projections.
- D. Agroclimatic Impact Evaluation. Purpose: To provide monthly information on the impact of weather on production of the major commodities to support the crop production projections.
- E. Computer Facilities System Support. Purpose: To establish the Computer Center as a responsive and effective provider of data processing, training, maintenance, and assistance services.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

Policy constraints and poor policy decisions have reduced income of small and medium farmers. While external pressures are pushing the GOE towards market liberalization, understanding of the implications of market liberalization particularly for small and medium farmers and of the means to implement the required reforms is limited. The ASRP contributes to the alleviation of these constraints through three interrelated actions: (a) policy analysis and dialogue in IDEA to contribute to increased understanding of the costs and benefits of market liberalization; (b) sector performance analysis in the DAP/MAG to improve short-term policy decision-making; and, (3) the provision of accurate, timely, and relevant sector data and information to support policy analysis and decision-making.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The purpose of the Project is to realign agricultural sector policies and programs to create a policy environment and set of incentives which promote increased productivity and production. The purpose is to be achieved through strengthening the analysis capacity in the MAG and the private sector and by improving the quality of agricultural data and information.

Principal EOP's:

A. Strengthened analysis capacity in the MAG.

During this reporting period, significant progress has been made in implementing the reporting system, as demonstrated by publication and the demand for the publications. The major policy impact of the work was a reform of banana pricing policy which links domestic prices more directly and transparently to international prices. In addition, the DAP has provided the MAG with the basis for the implementation of a system of "pricing bands". The past six months probably represent the most productive period of the DAP since its beginning. The next challenge is to improve the quality of the reports and elevate the level of analysis.

B. Establishment of a reliable and timely agricultural information system for prices, production, and climate incidence.

The September national production survey was completed, processed, and published by the Statistics Unit and Computer Center. The results of this survey were combined with the results of the INEC summer production survey to provide a complete set of 1991 production estimates for major commodities. The Statistics Unit published important time series (1980-1991) documents on exports, imports, production, and prices.

Problems with the Price Network and Agroclimatic Impact activities resulted in internal evaluations and redesign efforts, to improve their performance.

Overall, the Statistics and Computer Center units demonstrated very solid achievements. They have shown the capacity to execute timely and objective crop surveys.

C. IDEA is established as a technically and financially sustainable policy research institute.

Progress in technical areas was significant during the period. IDEA is playing a major role in assisting the MAG and producer associations in the process of regional integration and price liberalization. Analytical studies and policy dialogue events are proceeding as scheduled. Relationships with private sector agricultural associations were strengthened. In addition, IDEA has established itself as a prime local contact for the major international donors. IDB and IBRD Missions have met repeatedly with IDEA staff during the reporting period.

VI. PROGRESS DURING REPORTING PERIOD

The major achievements during the reporting period by principal EOP's are the following:

A. Institutionalization of policy analysis capacity in the MAG.

1. Commodity Situations and Analysis Reports (CSAR) Publications. Complete reports for each of the following commodities were published and discussed: rice, coffee, cacao and livestock. An annual (1991) analysis of the sector and its performance was also completed. An analysis of the EEC banana policies was completed. Despite some lags, the major commodity reports are being developed on schedule.
2. Monthly Price and Supply Reports. In the past 5 months, 48 monthly reports were published. These reports are widely used to monitor current conditions of price and supply. In addition, they are required to maintain an updated data base for analytical purposes. The recent IBRD Mission worked extensively with the DAP data base and publications.
3. Macroeconomic Situation Report. The report on macroeconomic indicators continues to be published on a monthly basis since January 1991.
4. The Minister's reliance on the DAP as a source of information and analysis has increased significantly in the past months, particularly on issues related to bananas. The DAP banana analyst has accompanied the Minister to two meetings of the OPEB.

B. Establishment of a reliable and timely information system for commodity production, prices, and climate impact.

1. Production Surveys. A national production survey was executed in September. While there were problems with logistics and supervision, it was a reasonable first attempt at a nationwide survey for the MAG. The results of this survey, combined with the results of the INEC summer survey, provided a complete set of commodity estimates for 1991. Programming and processing by the MAG Computer Center was executed in a timely and efficient manner. All preparations were made for the scheduled April crop survey, but the survey had to be postponed because of the weather conditions on the coast.
2. The Statistics Unit published historical time series (1980-1991) and indexes for agricultural exports, imports, production, and prices.
3. Price and Market News System. While the price network continues to function, problems with programming, formats and site selection have slowed its progress. As a result, an internal evaluation and redesign effort began in January. The system is functioning, but below an optimum level.
4. Agroclimatic Impact. Major managerial and technical attention was given to this activity. Again, an internal evaluation and redesign effort was accomplished. As a result, the emphasis on simulated yield models has been dropped, activity leadership and staffing have been changed, and, we believe, a more practical and operational method of evaluating weather impact on crop production is underway. Progress on implementing the redesign is proceeding rapidly.
5. Computer Center. Strong progress was demonstrated in the rapid and effective processing and documentation of the national crop survey. The unit played a significant role in the analysis and preparation of

technical specifications for bid documents for the procurement of new computer equipment for project activities.

C. Establishment of IDEA as a technically and financially sustainable policy research institute.

1. Studies. The major studies during the period were on land tenancy, the Andean common tariff, the draft of the natural resource sector assessment, and an agricultural policy proposal document. The latter was done in conjunction with the agricultural producer organizations.
2. Policy dialogue. Significant policy dialogue activities continued. These include: discussions with the major political parties based on the sector policy proposal document, a major seminar on land tenancy issues, and the development of a program for strengthening the Rice Producers Association.
3. Financial sustainability. IDEA continued efforts to secure a \$160,000 contract from the CAF, received a small contract from the IDB for work in natural resources, and negotiated small contracts (not signed as yet) with CIP and the IBRD. Should these efforts succeed, IDEA will gain outside contracts of approximately \$200,000. IDEA's overhead would be approximately \$60,000-- sufficient to pay one year of IDEA's indirect costs. IDEA has established two small working groups to analyze the financial plan and status and to systematize procedures for the development of new business.
4. Training. In collaboration with the Economics Department of the Catholic University, IDEA developed a program in agricultural economics for senior level students. The program, of four courses, started in late September. Overall, IDEA has shown significant technical progress in analysis and dialogue, and efforts towards financial sustainability are promising. Of particular note are the dialogue activities with the private sector producer associations, particularly the Rice Federation, and the near term likelihood of signing contracts totalling approximately \$200,000. These are very positive signs.

D. Follow-up actions from previous report.

Of the 13 major actions planned for the period, 7 were fully completed. Those actions unfulfilled during the period and their status are as follows:

1. IDEA financial sustainability status. The two working groups will be finalizing analysis and recommendations by June 30.
2. Project evaluation. Evaluation will begin O/A May 11.
3. April crop production survey. Postponed until July.
4. Agroclimatic yield models. Internal evaluation concluded that further investment in the yield models was not warranted at this time.
5. Procurement of computer equipment. Bids were sent out in March and offers were received April 22. Evaluation of offers will take place in next two weeks.
6. Review research done to incorporate gender issues. No progress. In general, while there has been some slippage, with but one exception all major actions planned for the period are nearing completion.

VII. GENDER CONSIDERATIONS

Data and information on the impact of policies on gender issues are extremely limited. The Project's initial production surveys are not appropriate survey instruments for collecting data on a gender disaggregated basis. Further, as initial efforts, it was not feasible to complete the survey instruments. A more appropriate instrument would be a household survey. On-going analysis does not include gender issues because of lack of data and lack of institutional demand for the analysis of such data.

VIII. EVALUATIONS AND AUDITS

A project evaluation will be conducted from May 11 through June 30. The evaluation will be done through LAC TECH as part of their cross-country evaluation of AID supported agricultural policy projects.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

- A. Financial sustainability of IDEA. The future financial situation of IDEA remains a major concern. The recent progress described above is promising. However, continued attention will be given to finalizing the financial analysis and systematizing the efforts to develop new business.
- B. Redesign and more effective implementation of Price Network and Agroclimatic activities. Redesign documents and reprogramming of activities have been completed. Short-term TA is assisting the implementation of the Agroclimatic activity. It may be necessary to bring in ST/TA for the price network activity to assist implementation, since it is moving slowly.
- C. Quality control and information management. With progress on data collection, establishment of commodity data bases, and publication of analysis and reports, issues related to data quality control and information management become more important. Future progress will require more structured data bases, better quality control of data, and the phased initiation of networking.
- D. Change of Government. After the elections, there will be a new Minister of Agriculture and other leadership changes in the MAG. We will assist the DAP preparing a set of relevant and useful documents for the new administration. Additionally, some measures to enable Project leadership time to demonstrate their capabilities will likely be required.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

- A. Procurement and installation of computer equipment. (J. Dunlap; S. Gavilanes; E. Escobar; J. Mantilla; E. Andrews, June).
- B. Evaluation. (M. Suquilanda; J. O'Donnell; J. Riordan, May-June).
- C. Continued systematic publication of Commodity Situation and Analysis Reports. (DAP; Duty Greene).
- D. Continued monthly publication of price and supply reports. (DAP; Duty Greene).
- E. Execution of July Production Survey. (MAG Statistics Division; C. Criollo; S. Gavilanes).
- F. Reinitiate monthly Agroclimatic Impact Assessments. (MAG Agroclimatic

Division; DFlood; Sánchez, May).

- G. Finalize IDEA financial analysis and operationalize procedures to systematize new business activities. (M. Suquilanda; D.Flood; N. Bonifaz, June).
- H. IDEA signs contracts for approximately \$200,000 in outside funding. (N. Bonifaz; D. Greene, August).
- I. DAP prepares special reports for Incoming Minister of Agriculture-- sector briefing book. (DAP; D. Greene; D. Flood, July).
- J. Amend Sigma One contract to provide additional 12 months of LT policy analyst-- through PACD. (M. Suquilanda; J. Dunlap, May).

SAR0051.MMG-(05-05-92)

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A X B ___ C ___

1. BACKGROUND DATA

Project Title: Agricultural Research, Extension and Education
 Project Number: 518-0068
 Date of Authorization: original 05-25-88 last amendment 03-30-92
 Date of Obligation: original 05-27-88 last amendment 07-01-91
 PACD: original 04-30-93 last amendment 12-31-94 *
 Implementing Agencies: Fundación para el Desarrollo Agropecuario (FUNDAGRO)
 Major Contractors: None
 AID Project Officer: Fausto Maldonado
 Status of CPs/Covenants:
 Date of Last Evaluation: 05/91 Next evaluation: 00/00
 Date of Last Audit: 12-31-91 Next Audit: 12-31-92

* Training component only

FINANCIAL DATA

Amount Authorized: DA Grant: original \$7,000,000
 Amount Obligated: DA Grant: original \$2,817,000 last amend \$7,000,000
 Currently Obligation: 0
 Amount Committed: Grant - Period: \$ 369,013
 Cumulative: \$6,805,013
 Accrued Expenditures: Grant:
 Period - Projected: \$ 647,000
 Period - Actual: \$ 676,167
 Cumulative: \$4,085,730
 Period - Next: \$ 659,000
 Counterpart
 Contribution: Planned: \$4,200,000
 Actual: \$3,749,000
 % LOP Elapsed: 59%
 % of Total Auth. Oblig. (Grant) 100%
 % of Total Oblig. Exp. (Grant) 59%
 % of Total Auth. Exp. (Grant) 59%

11. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
1. RELU's established in PCP's	3	0	3	0	0	3	100	
2. Agreements signed: - PVO's & Public Inst.	16	3	16	3	5	39	244	
3. Inst. Contrs. & Univ.	6	8	6	8	3	16	267	
4. Workshops	600	80	600	80	95	925	154	
5. Research Activities	200	20	103	20	40	143	72	
6. Technology validated	22	10	22	10	12	42	191	
Demonstrated	22	10	22	18	18	62	282	
Adopted	22	4	11	4	5	16	73	
7. Studies	15	8	15	8	8	23	153	
8. Publications	120	20	100	20	30	130	108	
9. Prod. assoc. worked with	35	2	35	2	2	39	111	

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
10. Other donor contrib. (\$'000)								
a. Endowment (*)	300	100	300	110	100	1127	376	
b. Projects	3900	1500	2722	3848	1148	2722	70	
11. Professionals Trained	LOP	M F	M F	M F	M F	M F	M F	
a. Long term	7	1 0	2 0	1 0	1 0	3 0	40% 0	
b. Short term	228	25 10	93 40	18 2	20 4	113 44	49 19	
12. Farmers trained	9000	1200	8180	800	1020	6980	91%	
13. Fund raising program operational (Director of Development has been hired). (*) Includes \$900,000 estimated value of 200 ha. of irrigated land, farm equipment and building received from CEDEGE.								

III. PROJECT DESCRIPTION

The Project entails several interrelated activities aimed at assisting FUNDAGRO to accomplish the following tasks:

- To improve and strengthen its administrative and financial structure as well as its technical capabilities;
- To establish research and extension linkage units (RELU's) within each Priority Commodity Program (PCP), presently coffee, dairy and cassava;
- To support science-based research, extension and education systems (REE's) for other commodities on a selective basis as the opportunity arises; and,
- To foment and support Ecuadorian universities participating in the REE program and activities.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The purpose of the Project is to institutionalize FUNDAGRO as an NGO capable of serving as a catalyst in the establishment and operation of an improved and coordinated Research, Extension and Education System. The end objective is to help small-and medium-sized farmers increase their incomes through their adoption of more productive technologies in selected commodities.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

Key EOPS indicators include:

- A commodity prioritization and selection process in place to assist FUNDAGRO and cooperating PVO's and public sector institutions to concentrate resources on priority commodities. This has been accomplished.
- FUNDAGRO's financial viability strengthened through increased and diversified funding, as well as sound investment of its assets. Planned progress for this indicator has been exceeded. Over \$1.9 million is invested in the U.S., FUNDAGRO owns a 7-story building in a choice Quito location, and has purchased one house and a lot to use for its offices in Guayaquil. An office was opened in Portoviejo.
- Strong and growing operational linkages forged with private and public sector institutions involved in REE, locally and internationally. LOP objectives have been surpassed.
- An ever-increasing number of deans of colleges, professors, graduate and undergraduate students actively participating in the program. Progress has been beyond expectations.
- Efforts are made to involve women in all phases of the Project. This continues to move forward very satisfactorily.

Progress in achieving these and other indicators has accelerated in each succeeding reporting period as FUNDAGRO attains maturity and consolidates its financial, administrative and technical capacity. FUNDAGRO's image as a responsible and productive agricultural development NGO has continued to grow, both locally and abroad.

The Project Purpose remains an accurate statement of project objectives.

VI. PROGRESS DURING REPORTING PERIOD

1. A full-time Director of Development was hired. He is managing the Associates Program, directing fund-raising activities, and assisting the Executive Director in enhancing FUNDAGRO's image and credibility. He has prepared funding proposals for donor agencies from Canada, Spain and the Netherlands.
2. FUNDAGRO contracted with two local consultants to follow up on the new internal and functional policies for INIAP. ISNAR completed and issued the preliminary studies and strategies to enable INIAP to function well autonomously. The new INIAP law was presented to the Congress.

The first study completed under the FUNDAGRO/ISNAR collaborative agreement was published; the theme is "The Impact of Agricultural Research in Ecuador: The Case of Rice". A similar study regarding corn is underway.
3. Financial and audit reports were presented at the two General Assemblies on February 25th and March 10th. Preliminary results were very satisfactory.
4. Eighteen women from Project areas are being selected to participate in leadership and agriculture training under the Andean Peace Scholarship Program. Other scholarships have been offered by the "Ecuador/USA Training Program" to be channeled through FUNDAGRO.
5. Negotiations continue with the Fondo Ecuatoriano-Canadiense regarding two proposals (\$1.0 million each) to support research and extension at the Babahoyo Irrigation Project, and to conduct research and extension on cacao.
6. Negotiations were initiated to receive CAF funding to start a micropropagation lab and to introduce modern technologies in industrial tomato production in the Babahoyo farm.
7. A no-cost extension was approved to extend the training component of the Project to December 30, 1994. An extension for the non-training components will be completed in the next period by RCO.
8. As it has been agreed with USAID, due to progress in the organization of FUNDAGRO, the Coordinator position responsibilities will be distributed among other positions and thus will not require a full time coordinator.

VII. GENDER CONSIDERATIONS

REE activities are open to the participation of both male and female farmers. In addition, there are some training development activities which are specifically carried out by women's organizations. Thus, in the coffee program, five groups (about 123 women) are working on coffee bean processing and sale; in the cassava program, two groups (60 women) are processing starch; and in the dairy program, four groups (80 women) are joining efforts to improve the nutritional status of their families through informal education, the provision of household garden products, and improved processing of cheese.

Reports from field staff indicate that some of the women trained under the Andean Peace Scholarship Program are actively collaborating with REE and other community development activities in their respective areas of residence, including one participant who assists with a weekly radio program in Chimborazo.

VIII. EVALUATIONS AND AUDITS

An external audit was conducted at the end of 1991 by a local independent accounting firm chosen by FUNDAGRO among those qualified by the USAID mission. In February the results of the audit were presented to the FUNDAGRO General Assembly with no major recommendations or findings.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. The last PL-480 endowment payment of \$320,000 equivalent has been requested by FUNDAGRO. However, there has not been a prompt response to this request. USAID support may be needed to get these funds disbursed to FUNDAGRO without further delay.
2. AID has delayed approval of the 1992 Work Plan, and as a consequence, disbursements of funds have been held up. This situation creates an additional financial burden on regular operations. With the approval of the Project extension, the Work Plan and budget were adjusted accordingly. Authorization has been requested by FUNDAGRO to use funds according to the component distribution in the requested amendment. This will temporarily allow FUNDAGRO to continue its operations. (Authorization was given after the end of the reporting period).

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Finalize negotiations with the Corporación Andina de Fomento (CAF) to receive \$155,000 for a biotechnology lab, particularly for cacao propagation, and \$128,000 for industrial tomato production. (J. Chang; I. Dousdebés, September, 1992)
2. Follow-up on proposals to the Spanish Agency for Cooperation: \$392,800 for corn production system improvement and \$126,000 for cacao biotechnology. (J. Chang; I. Dousdebés, September, 1992)

3. Rewrite Fondo Ecuatoriano-Canadiense de Desarrollo proposal for two \$1.0 million donations (\$1.0 million for technology transfer and training in Babahoyo and the other for cacao programs). (J. Chang; G. Vorbeck, September, 1992)
4. Continue search to secure additional funding (\$335,000) for Organic Farming Project. (J. Chang; C. León; S. Sacks, Ongoing)
5. Sign and implement the no cost amendment to Cooperative Agreement extending PACD to 12/31/94 for the non-training components of the Project. (J. Dunlop; J. Chang, May 1992)
6. Finalize biotechnology agreement with Agristar allowing FUNDAGRO micropropagation patent use. (J. Chang, July, 1992)
7. Make necessary arrangements to receive 7.5% of sorghum donation under PL-480 to increase endowment. (J. Chang; D. Alverson, May, 92)
8. Initiate a small monitoring and evaluation unit to evaluate the impact of all the FUNDAGRO projects. (J. Chang; J. Uquillas, June 1992)
9. Follow-up to initial talks with the World Bank for the management of a fund to promote research activities. (J. Chang, Ongoing)

SAR0068.HMG-(04-28-92)

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Agricultural Education II
 Project Number: 518-0082
 Date of Authorization: original 07-20-89 last amendment 06-20-91
 Date of Obligation: original 07-20-89 last amendment 00-00-00
 PACD: original 07-20-94 amended to 00-00-00
 Implementing Agencies: Fundación Privada Wilson Popenoe
 Major Contractors: Escuela Agrícola Panamericana "El Zamorano"
 AID Project Officer: Cecilia Tarré
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 00-00-00 Next evaluation: 07-31-92
 Date of Last Audit: 07-31-91 Next Audit: 07-31-92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,000,000
 Amount Obligated: DA Grant: original \$1,000,000
 Current Obligated: \$0,000,000
 Amount Committed: Grant - Period: \$0,000,000
 Cumulative: \$1,000,000
 Cumulative: \$1,000,000

Accrued Expenditures: Grant:
 Period - Projected: \$ 140,000
 Period - Actual: \$ 121,289
 Cumulative: \$ 474,677
 Period - Next: \$ 140,000

Counterpart Contribution: Planned: \$2,898,600
 Actual: \$ 840,000

% LOP Elapsed: 50%
 % of Total Auth. Oblig. (Grant) 100%
 % of Total Oblig. Exp. (Grant) 48%
 % of Total Auth. Exp. (Grant) 48%

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II. MAJOR OUTPUTS:

	<u>PLANNED */</u>				<u>ACCOMPLISHED</u>						
	<u>LOP</u>	<u>PERIOD</u>		<u>CUM</u>	<u>PERIOD</u>	<u>CUM.</u>		<u>% OF</u>			
		<u>M</u>	<u>F</u>			<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>LOP</u>	
1. Training (persons)		<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
		0	0	0	0	0	0	0	0	0	0
Long Term	245	75		89	204	70	19			36	

*/ Targets for female and male participation under the Agricultural Education II were not determined in the agreement.

III. PROJECT DESCRIPTION

The purpose of the Agricultural Education II Project is to strengthen Ecuador's human resource base in agriculture, mainly by supporting technical training of

Ecuadorian students at the Pan American Agricultural School (EAP) in Zamorano, Honduras. The Wilson Popenoe Foundation (WPF) has recruited qualified students for entry into EAP, and they have succeeded academically, graduating at a higher rate than average for students from all countries.

The Agricultural Education Training Project II (518-0082) is designed to provide support to the WPF to provide intensive, practical training in advanced agricultural production techniques to low-income Ecuadorian students at the EAP.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The Project is contributing to Strategic Objective No. 2: Increased farm income on small and medium farms from selected commodities. Trainees, who must return to Ecuador after graduation, will eventually support achievement of program outputs through the development and validation of new technologies, and assist in the adoption of new or proven technologies by farmers. Having a qualified human resource base in the agricultural sciences will facilitate the achieve-

ment of this Strategic Objective.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

1. By March 1992 there were 155 Ecuadorian students attending the EAP. In December 1991, 54 Ecuadorian students graduated from a total of 164.
2. The EAP in Zamorano donated \$200,000 to the WPF; these funds will serve as the WPF matching contribution for the increment to the endowment fund from PL-480 sorghum sales (7%).
3. In March 1992 the WPF deposited US\$25,000 to increase the Foundation's endowment as stipulated in the Agreement.

VI. PROGRESS DURING REPORTING PERIOD

1. The WPF undertook an aggressive promotional campaign directed towards students in the Provinces and selected minority groups.
2. An important part of the WPF Board's mandate is the search for permanent financial sources that are directly controlled by the WPF. Current activities include fund raising and the search for other scholarship funds. In 1992, such support was provided by the German Government, and approximately 10 students will receive full scholarship assistance.
3. The WPF has concentrated a great deal of effort on building an adequate endowment fund, and in addition, they will purchase an office in the Guayaquil area to serve as their headquarters. This office will represent an additional counterpart contribution.

VII. GENDER CONSIDERATIONS

Women's participation in the training program increased this year over the previous year. In December 1991, of the total Ecuadorian students enrolled, 8 were women, and of the 54 graduated, 3 were women. It is expected that this number will increase substantially until the end of the project. The USAID Project Officer is a woman.

VIII. EVALUATIONS AND AUDITS

A project evaluation and audit of the WPF will be conducted in the next semester following selection of one of the three short-listed companies.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. The Foundation is beginning to implement specific controls in financial activities recommended by Romero & Asociados. These are: independent accounting controls for the Project Agreement; and, WPF must have an individual bank account for USAID funds.
2. The request to the Monetary Board to use debt-swap funds was delayed due to the

expiration of Regulation 637-89 on June 30, 1991. Now, a new debt-swap approval has been granted by the Monetary Board, and the WPF's proposal is pending approval under the new debt-swap mechanism.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. The Food Aid Implementation Secretariat will begin disbursements to WPF subject to the PL-480 sorghum sales. (LSánchez, DALverson, CTarré - 6/92)
2. USAID will reach a decision on the Agreement Amendment to include procurement and installation of computerized financial accounting software for WPF. (RARámbulo, JVaca, CTarré - 8/92)
3. The new Development Director will be hired in May 1992. (RARámbulo 5/92)
4. Examination sessions for the next 1995 class will be held in May 1992 at Riobamba, Quito, Ibarra, Cuenca, Machala, Quevedo, Guayaquil and Portoviejo. (RARámbulo, VNovillo - 5/92)

SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE NO. 3
"INCREASED USE, EFFECTIVENESS, AND SUSTAINABILITY OF FAMILY PLANNING
AND SELECTED HEALTH SERVICES"
FIRST SEMESTER, FY 1992

Rationale

Ecuador has made impressive progress in improving maternal and child health (MCH) and in making family planning (FP) available to its citizens, reflected in relatively low national infant mortality rates and high contraceptive prevalence rates. However, health and family planning statistics are uneven throughout the country with rates that are unacceptable in rural and urban marginal areas. Moreover, with the deepening economic crisis; with reductions in the proportion of the national budget going to the health sector and shrinking family incomes; and with the continued pressures of Cholera and other diseases, it is likely that the progress made to date will begin to erode. For these and other policy related reasons, the long term sustainability of public and private services in FP and MCH services remains a serious problem. The USAID Mission contributes importantly to consolidating the gains made in these areas by working towards making public and private services more institutionally and financially sustainable once donor assistance is terminated. At the same time, its assistance will contribute to improved effectiveness of ongoing FP and MCH service delivery, reflected in improved health and family planning indicators.

Overview of this SAR Period

During this SAR period, all seven of the major actions planned in the last SAR were accomplished. This is a major accomplishment since many of the actions involved public sector counterparts who are increasingly focusing their attention on Ecuador's presidential election outcomes and less on project implementation. The most difficult of accomplishments was the termination of the Malaria Assistance Project (518-0049). The amended PACD of Dec. 31, 1991, was further extended to February 29, 1992 after a number of negotiations with the Ministry of Health (MSP). There was considerable political pressure to extend the project for at least one year beyond February 1992: The Mission received a number of visits from SNEM officials; several letters with thinly veiled threats were sent; a GOE delegation was sent to Washington in attempts to reverse the Mission decision. Despite the pressure, the Mission decision to end the project on February 29, 1992 was supported and confirmed by AID/W. Project closeout activities have now started and will continue into the next semester.

Also during this SAR period, the Strategic Objective statement was modified, focussing on selected health services rather than the Ministry of Health's organizational definition of "maternal and child health". The Mission's continued emphasis on maternal and child health is evident from the selection of program performance indicators. Nevertheless, the SO Team will use this modification to the SO to demonstrate to the GOE the

Mission's intention to concentrate on policy issues surrounding health care financing, and not limit our assistance strictly to the delivery of MCH services.

Together with the modification in the SO statement, the SO team now has a full set of SO level and Program Output level indicators. A Monitoring and Evaluation Plan at the SO level will be prepared with assistance from AID/W during the third quarter of FY92.

Other major accomplishments include:

1. Health and Family Planning. The agreements with APROFE and CEMOPLAF were finalized and project activities were started. The two organizations have embraced the concept of sustainability with an enthusiasm that is verging on religious zeal. Both organizations are recovering a percentage of their costs which is well above and beyond that programmed for this semester. The Non-Project Assistance component of the project is gaining momentum after a slow start. All CP's but one have been cleared; the remaining should be cleared in the next few weeks; family planning norms have been published by the MOH and IESS; and the Project Implementation Committee headed up by the Ministry of Finance has been formally established and has met several times in order to initiate project implementation activities.

2. Child Survival and Health. The excellent technical assistance provided by Management Sciences for Health has generated specific outputs and management tools which have had an impact far beyond the project with the Minister personally acknowledging project efforts and dictating that the entire MOH conform to project procedures and methodologies in the following areas: a) National inventory for fixed assets; b) Computerized budget planning process; c) nationwide epidemiological data base system; and d) nationwide computerized logistic system. Concomitant with the design and implementation of these management tools, the project has increased the overall implementation rate, as evidenced by the increased rate of expenditures. The Ministry of Health has requested a number of changes to the project which are hoped will increase the overall impact of the project. USAID has discussed the substance of the requested changes at length with MOH officials as well as with the MSH technical assistance team. The required changes are all incorporated in a PIL which will be approved during the third quarter of FY92.

3. Health Care Finance. A new five year US\$5.0 million project, Health Care Finance, was proposed for an FY94 start and was approved during this year's POD/AP review. The project approach will be to address health care

finance constraints by improving efficiencies in the public sector and increasing the involvement of the private sector, with a focus on the following three levels. First for the public sector, the project will endorse the establishment of a fee for service policy for public sector providers. Emphasis will be placed on establishing independence of a limited number of larger public hospitals. The project will provide technical assistance to ensure that quality of care improves concomitantly with the establishment of fees. Second for the non governmental sector, existing but nascent attempts at cost recovery by selected entities will receive limited support in order to serve as models for alternative service delivery mechanisms. Expected beneficiaries will include agricultural, manufacturing, and credit union cooperative selected foundations. Third for the private commercial sector, the project will assist local, private sector entities to design and implement operations research and policy research on the feasibility of commercial service delivery schemes (such as HMOs, private insurance schemes, etc.). The design of the project was initiated with a buy-in to the AID/W Centrally managed Health Finance and Sustainability (HFS) project. Additional activities and funding will be provided through the Private Sector component of the Child Survival Project.

4. Other Accomplishments. The private pharmaceutical distribution project (ASOPROFAR) has reached 87% of the EOPS with 75% of the LOP elapsed. The overwhelming success of this project is evidenced by industry interest in replicating the experience in other countries; by invitations to ASOPROFAR from corporate headquarters in Europe and U.S. to present the project and its results; and by a number of unsolicited requests from organizations across the country to establish an ASOPROFAR botiquin.

The assistance provided by USAID for Cholera control continues to be timely and successful. To date, nearly two million packets of ORS have been delivered; over two thousand blankets and cots have been distributed; assistance in case management, laboratory diagnosis, and communications has been provided; and a latrine construction project with CARE has been started. The Cholera epidemic has now fallen to endemic levels and the MOH with USAID assistance is embarking on a longer term strategy to combat diarrheal diseases in general, including Cholera. A visit by a Bangladesh team of experts from ICDDR,B which took place last year will be repeated during the third quarter of FY92. Among the areas which these experts will report on is the improvements (if any) which have been made by the MOH in disease control.

The water and sanitation project has taken an important step towards achieving a significant impact with the written evidence provided by IEOS that counterpart funding has been met, and that it will be increased in the future. An official document from the Ministry of Finance will be forthcoming to confirm the GOE commitment to this activity.

Major Issues

1. The ESF component of the Health and Family Planning Program, specifically the agreement between CEPAR and MOF, has progressed slowly.

In jeopardy now is the disbursement to CEPAR by MOF of the totality of the remaining local currency. CEPAR has acted in good faith and has provided MOF with all documentation necessary, yet it seems that MOF will delay disbursement. This is exactly what CEPAR suspected and USAID promised would not happen.

2. The AID/W/RD/POP "Big Country" strategy is focusing the available technical assistance for population on countries with more than 20 million population. This leaves out Ecuador. Yet in the Health and Family Planning Project Paper our funding levels for technical assistance counted on a certain level of matching from centrally managed projects. If this matching does not take place, some of the technical assistance will have to be substantially curtailed.

3. The Ministry of Health has requested substantial changes to the Child Survival and Health project. These changes have been discussed at length by USAID officials with counterparts and with the technical assistance team. The Mission is confident that once these changes are in place, the probability of a greater project impact will be enhanced.

4. The new project description for the health care finance project which was sent to AID/W as part of the POO/AP truncated the section on "Issues" which included the GDO/HFPD intent to hire a long term advisor for health care finance beginning in the Spring/Summer of 1993. The advisor will among other things, take the lead role in helping the office design the new project, and once initiated, to manage its implementation.

Major Next Steps

During the next six months, the Strategic Objective Team plans the following:

1. Disburse the first tranche of the NPA dollars for the Health and Family Planning Project;
2. Discuss with Ministry of Finance officials and insist that CEPAR receive the totality of the remaining local currency for project implementation;
3. Complete all modifications to the Child Survival Project, including the PIL, modifications to the Logframe, and modifications to the technical assistance contract.
4. Complete all documentation and obligations for technical assistance requirements in Health and Family Planning, and in Health Care Finance.
5. Complete workscope and initiate search for candidate for position of Long Term Health Care Finance Advisor.
6. De-obligate unused funds from the Malaria assistance project and Re-obligate to the CARE Cholera Assistance Project and to selected additional projects for further cholera assistance.

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A ___ B ___ C X

I. BACKGROUND DATA

Project Title: Malaria Control
 Project Number: 518-0049(Loan 518-U-062)
 Date of Authorization: original 01-29-85
 Date of Obligation: original 03-29-85 last amendment 06-14-86
 PACD: original 02-28-90 amended to 02-29-92
 Implementing Agencies: National Malaria Eradication Service (SNEH)
 Center for Disease Control
 Major Contractors: United Schools of America; Vector Biology Control (VBC)
 AID Project Officer: Dr. Marlo Vergara/Patricia Rodriguez
 Status of CPs/Covenants:
 Date of Last Evaluation: 10-06-89 Next evaluation: 06/92
 Date of Last Audit: 11-30-89 Next Audit: 06/92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$3,000,000
 Loan: original \$6,500,000
 Amount Obligated: DA Grant: original \$1,500,000 last amend \$3,000,000
 Loan: original \$2,500,000 last amend \$6,500,000
 Current FY oblig: Grant: \$ - 0 -
 Loan: \$ - 0 -
 Amount Committed: Grant - Period: \$ N/A
 Cumulative: \$2,694,086
 Loan - Period: \$ 349,999
 Cumulative: \$5,737,096
 Accrued Expenditures: Grant:
 Period - Projected: \$ 478,700
 Period - Actual: \$ 222,335
 Cumulative: \$2,641,625
 Period - Next \$ N/A
 Loan:
 Period - Projected: \$ N/A
 Period - Actual: \$ 597,078
 Cumulative: \$5,332,610
 Counterpart Next
 Contribution: Planned: \$11,500,000
 Actual: \$ *
 % LOP Elapsed: 100%
 % of Total Auth. Oblig. (Grant) 100%
 (Loan) 100%
 % of Total Oblig. Exp. (Grant) 88%
 (Loan) 82%
 % of Total Auth. Exp. (Grant) 88%
 (Loan) 82%

* O/CONT informed that SNEH did not have any records to justify this amount.

II. MAJOR OUTPUTS:**

	PLANNED				ACCOMPLISHED		% OF LOP
	LOP #	PERIOD #	CUM #	NEXT PERIOD #	PERIOD %	CUM #	
1. Number of homes sprayed (x 000).	2000	170	1840	170	138	1266	63%
2. Entomological Tests	338	0	387	15	25	265	78%
3. Number of Laboratories (10/zone)	70	0	71	3	2	67	95%
4. Presumptive prophylactic Treatment (X 000)	2200	80	2032	180	186	2033	92%
5. Mass Medication (X 000)	2400	625	1802	1120	389	864	36%

2. Training	M		F		M		F		M		F		% OF LOP
	#	%	#	%	#	%	#	%	#	%	#	%	
Long term	5	0	0	0	1	0	0	0	0	0	1	0	20-0
Short term	50	0	0	5	28	0	2	0	2	23	0	50-0	
In country	1254	0	300	0	1254	0	700	0	655	669	1971669	210-0	

**Figures correspond to last semi-annual because we have not received new reports.

III. PROJECT DESCRIPTION

The project purpose is to control the incidence of malaria nation-wide. The Malaria Control Project assists the government of Ecuador in its efforts to control malaria nation-wide to a level where it will no longer be a public health problem and to develop institutional capacities to maintain that level of control. The project's five principal components include: program management (strengthening of program management, epidemiology surveillance); operational research (field trials of anti-malaria drugs, biological control, drug sensitivity, insecticide resistance, evaluation, and baseline prevalence studies of other vector-borne diseases); commodities (equipment, drugs, vehicles and insecticides); and, training.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

The Malaria Project indirectly affects the Strategic Objective in that like Cholera, it can reach epidemic proportions which in turn will distract the MOH's attention from other programs such as diarrheal disease control. Another vector borne disease, Dengue and Hemorrhagic Dengue are also of concern. Improvements in malaria control will directly affect mortality and

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

During this period the attention of the GOE was concentrated exclusively in the no-cost extension, the project activities were put on hold, and the Mission did not receive any further notice about project status.

VI. PROGRESS DURING REPORTING PERIOD

1. Eighty percent of the emergency procurement of the antimalarial drugs through PAHO was completed. The other twenty percent needs to be cleared from customs.
2. There was a Mission internal committee to decide the future of the project. The Mission decided to approve a no-cost extension through February 29, 1992. The three main reasons to extend this project were: (1) release all antimalarial drugs from customs, (2) submission of technical and financial reports, and (3) complete the transfer of goods to the SNEM.
3. The PSC of the Malaria Advisor was extended through 1/31/92. USAID received the last technical report on 3/12/92 and the project files on 3/18/92.
4. The project close-out process (conciliation of accounts, completion of the transfer of the goods to the SNEM, and preparation of the PACR) was initiated.

VII. GENDER CONSIDERATIONS

For the reasons explained in section V above, USAID does not have information on gender considerations. However, in the Manabi integration pilot program the participation of women was approximately 50%.

III. EVALUATIONS AND AUDITS

During the second semester of FY92, the Mission will carry out the final evaluation of the project through a buy-in to the AID/W Centrally Managed VBC Project. USAID considers that a final audit will be also convenient, and will inform RIG of our recommendation.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. ISSUE: During the last months previous to the PACD, USAID received government pressures to extend the project at no cost through 1992. USAID received several communications from different GOE authorities requesting the project extension. The termination of the malaria project was considered an "unilateral decision". For several days this project was one of the main news items in the newspapers and on TV. A GOE team travelled to Guatemala and AID/W to insist on a no-cost extension.

CORRECTIVE ACTION: USAID, based on a Malaria Committee recommendation, decided to extend the project through 2/29/92 and the PSC of the Malaria Advisor through January 31, 1992.

2. ISSUE: PAHO purchased the antimalarial drugs through different sources. The ocean shipments arrived in country on different dates. The release process of some drugs still has to be completed.

CORRECTIVE ACTION: SNEM was informed about the situation through telephone

calls and letters. USAID has not received any further advice about the release process. SNEM must send an acknowledgement of receipt letter to USAID in order to inform AID/W and approve the necessary payment.

3. ISSUE: The USAID-PSC sent to USAID different letters requesting that some compensatory time and annual leave be paid in cash.

CORRECTIVE ACTION: USAID did not approve those requests based on contract regulations.

4. ISSUE: The evaluation process might be delayed because we need to obtain approval from the Mission Director to extend the PACD and then proceed with the preparation of the paperwork. USAID/E has sent two cables and a fax to AID/W, but we have not received any further notice from AID/W.

CORRECTIVE ACTION: USAID/E will take the necessary follow-up step to continue the process.

5. ISSUE: SNEM does not have any records on counterpart funds.

CORRECTIVE ACTION: A USAID financial analyst visited SNEM's officers and confirmed that there was no record regarding counterpart funds.

6. ISSUE: SNEM needs to send the necessary documentation to justify all remaining expenses in order to liquidate pending advances.

CORRECTIVE ACTION: Per SNEM's request the Controller's office will send two persons to help them in the preparation and submission of the necessary information to justify pending advances.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

Clear last antimalarial drugs from customs (SNEM, 5/92).

2. Completion of close-out activities, liquidate pending advances and prepare the PACR (PRodriguez, CHidalgo, 8/92).

3. Preparation of the PIO/T for the project final evaluation (PRodriguez, 5/92).

4. Initiation of the project final evaluation (AID/W, VBC, 6/92).

5. Send to RIG recommendation on final audit (PRodriguez, MVergara, MRivadeneria, 5/92).

6. Provide assistance to SNEM for preparation of expenditure justifications (O/CONT, 5/92).

7. Follow-up on the deob/reob process (PRodriguez, MRivadeneira, 7/92).

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PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Private Sector Financing and Health Care
 Project Number: 518-0060
 Date of Authorization: original 08-29-85 last amendment 09-27-86
 Date of Obligation: original 08-30-85 last amendment 09-27-86
 PACD: original 09-01-90 amended to 12-31-91
 Implementing Agencies: Medical Assistance Program (MAP) International-OPG
 Major Contractors:
 AID Project Officer: Dr. Mario Vergara/Patricia Rodriguez
 Status of CPs/Covenants:

 Date of Last Evaluation: 11/91 Next evaluation: N/A
 Date of Last Audit: 02/92 Next Audit: N/A

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 400,000 last amend \$745,000
 Amount Obligated: DA Grant: original \$ 144,000 last amend \$745,000
 Current FY oblig: Grant: - 0 -
 Loan: - 0 -
 Amount Committed: Grant - Period: \$745,000
 Cumulative:
 Accrued Expenditures: Grant:
 Period - Projected: \$ 84,500
 Period - Actual: \$ 53,151
 Cumulative: \$ 686,896
 Period - Next \$ N/A
 Counterpart
 Contribution: Planned: \$ 469,000
 Actual: \$ 261,450
 % LOP Elapsed: 100%
 % of Total Auth. Oblig. (Grant) 100%
 % of Total Oblig. Exp. (Grant) 92%
 % of Total Auth. Exp. (Grant) 92%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED*			% OF LOP
	LOP	PERIOD	CUM	NEXT	PERIOD	CUM	LOP	
	#	#	#	#	#	#	%	
1. Health and service in Marcabelli recovering 100% of costs.	100%	0%	100%	0	0	100%	100%	
2. Health service in Solanda recovering 100% of costs.	100%	10%	100%	0	0	64%	64%	

*According to MAP's report (See V below).

III. PROJECT DESCRIPTION

The project goal is to improve the health status of Ecuadorian people who do not have access to primary health care services. The purpose is to develop and test alternative ways of privately financing community based primary

health activities among rural and marginal urban people in Ecuador.

The project is implemented in one urban site in Quito (Solanda), a housing project which has established clinical and outreach services, and in a rural community in El Oro province (Marcabelli), which operates a laboratory facility. Clinical services in the rural site are operated by the Ministry of Health.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

Health financing has been identified as a major constraint in the policy matrix of the Strategic Objective. This project provides some initial attempts at establishing financially sustainable health clinics. The lessons learned from this project will assist in planning for future directions in this area.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The project ended on December 31, 1992 and, as a result of the final "financial" evaluation carried out by HFS, Solanda was recovering 30% of its total costs and Marcabelli 90%. For the Marcabelli case this achievement is in line with what was reported by MAP. In the case of Solanda it appears that the reasons for this low level of cost recovery were the low prices that were set; the medical clinic and the lab were under utilized; staff were inefficiently allocated; and nearby competition reduced demand. In addition, Solanda offered a large subsidy to all clients regardless of income level.

Conclusion: The Solanda urban-marginal center had many problems through the life of the project. It appears that the center has suffered from inefficiencies in productivity due to staffing patterns and lack of community leaders' commitment. The prices were set too low since the beginning because there is the perception that health services in Ecuador have to be free and there were strong objections on the part of the Committee and the Ministry of Health to fee charging. MAP was pressed to keep fees at a very low level. The success of the Marcabelli rural center was due in large part to the strong participation and involvement of the local Health Committee, which made most of the key decisions about operations. They relied more upon fees charged to clients; and they received donations through different activities. Marcabelli had incentives in addition to salaries (a base pay plus a percent of gross) which probably contributed to the health center's cost recovery performance. The Marcabelli case could be used as an example for other locations as a replicable model.

VI. PROGRESS DURING REPORTING PERIOD

Solanda:

1. In the Solanda health center there was a workshop to integrate the community and the new administrator, the health team of MAP, and personnel of the Health Center.

Marcabelli:

1. In Marcabelli there was a workshop to strengthen the administrative and financial process and the health services.
2. In Marcabelli the health center reached an agreement with a physician to offer medical services to the different communities.
3. In August, Marcabelli inaugurated a "botica popular".

Close-out:

1. The Solanda Health Center was transferred to the local Catholic parish and a priest became responsible for its administration. The Marcabelli

Health Center was transferred to the community leadership organization.

2. The formal transfer of goods in Solanda and Marcabelli was made on December 31, 1992, including vehicles.
3. The severance pay for MAP's employees was completed.
4. Both evaluations (Crespo and Cross) were completed and received in USAID.
5. MAP proceeded to refund USAID/E the remaining balance.

VII. GENDER CONSIDERATIONS

This project recognizes that the strongest community leaders are women and works with various women's groups. Solanda will be managed by the Catholic Church community and women's leadership will play an important role. Marcabelli will be completely managed by women.

VIII. EVALUATIONS AND AUDITS

1. From late September/91 to early November/91 there was an evaluation of community participation performed by a local team (Crespo, et. al) to measure the achievements of the MAP project. The final report was ready in February and it was sent to USAID in late March.
2. The evaluation performed by the team of HFS was completed in December/91 and the final report was sent to USAID in late January/92. The purpose of this evaluation was to assess the degree to which the project achieved its goals of developing financially self-sustaining basic health services and serving low-income families.
3. The final audit of the project was performed by Romero & Asociados Ernest & Young. The final report was ready in February/92.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. ISSUE: In Solanda there were different opinions about the transfer of the health center to the parish. Some of the community members thought that the priest did not have the same interest in the project as the founders.

CORRECTIVE ACTION: There were different meetings to discuss this issue and the finally a commission decided that the parish would contribute to the improvement and strengthening of the center.

2. ISSUE: When MAP initiated the process to transfer the vehicles the Ministry of Finance was reluctant to concede them.

CORRECTIVE ACTION: USAID clarified the issue and the MOF transferred

the vehicles.

3. ISSUE: The severance pay created certain confusion about the applicability of the last Ecuadorian laws.

CORRECTIVE ACTION: This issue was resolved after a meeting in the Labor Ministry.

4. ISSUE: The recovery-cost in Solanda decreased to 30%.

CORRECTIVE ACTION: Follow-up on the recommendations made by the HFS team by forwarding a copy of the report to MAP.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Review in detail the MAP evaluation reports (PROdriguez, MVergara 5/92).
2. Preparation of the PACR (PROdriguez, MVergara, MRivadeneira 6/92).
3. A copy of the Spanish version of the report, which will be submitted by HFS, will be forwarded to MAP (PROdriguez, MVergara 6/92).
4. Follow-up on the deob/reob process (PROdriguez, MRivadeneira, 7/92).

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PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A — B x C —

I. BACKGROUND DATA

Project Title: Child Survival and Health Project
 Project Number: 518-0071
 Date of Authorization: original 06-07-89
 Date of Obligation: original 07-14-89 Last amendment 03-27-91
 PACD: original 12-31-94
 Implementing Agencies: Ministry of Public Health
 Major Contractors: Management Sciences for Health
 AID Project Officer: Fernando Ortega
 Status of CPs/Covenants: All project CPs have been satisfied
 Date of Last Evaluation: 00-00-00 Next evaluation: 06-00-93
 Date of Last Audit: 01-01-91 Next Audit: 06-30-92
 (continued process)

FINANCIAL DATA

Amount Authorized: DA Grant: original \$12,200,000
 Amount Obligated: DA Grant: original \$1,778,000 last amend. \$8,365,121
 Amount Committed: Grant - Period: \$ 892,152
 Cumulative: \$5,412,655
 Current FY Oblig: \$2,337,000 (In process)
 Accrued Expenditures: Grant:
 Period - Projected: \$1,520,000
 Period - Actual: \$2,185,919
 Cumulative: \$3,457,113
 Period - Next: \$1,100,000
 Counterpart Contribution: Planned: \$16,100,000
 Actual: \$ 9,938,000 (original exchange rate x 550)
 % LOP Elapsed: 51%
 % of Total Auth. Oblig. (Grant): 69%
 % of Total Oblig. Exp. (Grant): 41%
 % of Total Auth. Exp. (Grant): 28%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
			NEXT				% OF
	LOP #	PERIOD #	PERIOD #	PERIOD #	CUM #	LOP %	
1. Plans for Child Survival Intervention and Systems Strengthened:							
- Central level	5	1	2	0	2	2	40
- Provincial level	40	8	16	0	8	16	40
2. Epidemiological Indicators							
- <1 year immunization coverage	80%						
- Exclusive breastfeeding <4mths	>15%						
- ORT use rate	>20%						
- < ARI prevalence	20%						
- Yearly Supervision reports by province	8						
- Annual reports 1 by province	8						
- > Community participation	30%						
- < Infant Mortality Rate to	44						

3. Training Short term

PLANNED								ACCOMPLISHED			
				NEXT						% OF	
LOP	PERIOD	CUM	PERIOD	PERIOD	PERIOD	PERIOD	PERIOD	CUM	LOP		
M	F	M	F	M	F	M	F	M	F	M	F
19	11	0	0	0	0	3	5	7	3	7	3
										36%	27%

III. PROJECT DESCRIPTION

The project consists of three major components: 1) Child Survival program strengthening, 2) strengthening of decentralized management and support systems for sustainable child survival service delivery, and 3) the examination of health financing initiatives.

The purpose of this project is to improve the effectiveness of child survival programs in eight provinces with the greatest potential for infant mortality reductions so as to reduce neonatal mortality as well as rural/urban mortality differentials.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

All components of the project are directly related to achievement of the Strategic Objective. Program strengthening will affect effectiveness through improved logistics and training; decentralized management will affect use and sustainability through a more flexible and quicker response to local needs; health financing initiatives will affect use and effectiveness through improvements in health care revenue generation and resource allocation.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

1. Baseline data for EOPs (Infant Mortality Rate, # of prenatal controls, % of births attended by trained personnel, prevalence of malnutrition, prevalence of ARI, Diarrheal Disease and ORT use, immunization coverage) were collected and provincial plans developed for achieving intermediate targets. Planning based on statistical data is now part of provincial staff responsibilities. This exercise will be implemented at the area level after one year of training Unit personnel. The Child Survival project is progressing toward achievement of its objectives thanks to improved effort and quality of performance of MOH counterparts, both national and provincial, and continued excellent assistance by MSH.
2. Outputs developed by this project have had an impact beyond the project with the Minister personally acknowledging project efforts and dictating that the entire MOH conform to project procedures and methodologies in the following areas:
 - National inventory for fixed assets.
 - Computerized budget planning process.
 - Major nationwide data base system, and
 - Computerized logistic system.
3. The Cholera epidemic continues. More than 60,000 cases were counted up until April 1992. The fatality rate has decreased from a national average of 1.55% during 1991 to less than 0.6% during the first quarter of 1992. Most affected provinces continue to be located in the coast, followed by Imbabura and Chimborazo in the highlands. USAID has played an important role in working with the MOH to break the epidemic, beyond the Child Survival Project activities related to control of diarrheal diseases.

VI. PROGRESS DURING REPORTING PERIOD

1. Annual Plan and Budget for 1992 were approved by the Executive Committee and USAID. The process of consolidating of this annual plan demonstrated the active participation of central, provincial and area staffs, never before done by MOH. Average provincial completion of plans is currently 75% in spite of numerous strikes during this period.
2. The GOE has completed all CPs. The first shipment of computers has been initiated and equipment will arrive in country during the first months of the next reporting period. All arrangements for installation of equipment and MOH personnel training have been made by MSH in order to guarantee the use and maintenance of equipment.
3. Local procurement of materials and supplies has been carried out by MOH according to project needs. The process of transferring money to provinces continued, especially to those provinces which have demonstrated capacity to justify their advances.
4. Training seminars and workshops in Health Education, Mother-Child Care, Computers and Information System use, Diarrheal Disease Control, Acute Respiratory Infections, Supervision, Financial Management, Accounting and Team

Building were carried out at project provinces and central levels. This is a continuing activity during the life of the project.

5. Funds transferred from MOH to IEOS for the construction of the second stage of the National Vaccine Bank have to be totally justified during the next reporting period. The National Vaccine Bank will be inaugurated before July 1992.
6. The Executive Committee has decided to meet every other week since 1/92, has improved the management of the project, and convened (March 92) the second meeting of the Implementation Committee. A series of bimonthly meetings have been scheduled. The participation of provincial directors has been crucial to demonstrate the value of this project in decentralizing health activities.
7. Thirty Short-term Technical Advisor visits from MSH have helped in planning and training in Computers, Statistics, Health, Education, Cholera, Supervision, Accounting, Monitoring and Evaluation, RFP processes, Office Management and planning for procurements.
8. The procurement plan for this project was suspended from February to May by agreement between MOH and USAID due to employee strikes during first months of 1992. However purchasing contracts have been signed for computers and vehicles totaling around \$350,000, and the 1992 procurement plan will be submitted in June.
9. In order to increase the overall impact of the project, the Minister of Health has requested several changes to the original agreement. Those changes deal especially with the improvement of the national and international technical assistance, training activities and management of the third component of the project. The changes will be approved by USAID through PIL No. 12.
10. The first computerized inventory for fixed assets in the history of the Ministry of Health is underway. Nearly 84% of the project provinces have completed their inventory and are currently in the process of validating and transmitting the data to the central level. A plan for overseas procurements will be finalized and implemented by MSH based on this inventory. Suggested procurements will take place next semester.
11. Ten MOH employees participated in an Health Administration course at Tulane University. They are reintegrated to their positions and are preparing a workplan.

VII. GENDER CONSIDERATIONS

The project will annually analyze data associated with WID objectives. The analysis will focus on the project's impact on women's: a) participation in health education interventions and community health activities, b) improvements in health skills and morbidity management, c) access to health care services and d) involvement in organization of self-help support groups. To ensure that relevant data is collected for inclusion in a mission-specific gender-disaggregated data base, indicators such as: Number of Women in Reproductive Age (WRA), MOH human resources involved in implementation of project activities, contraceptive prevalence rate, prenatal, delivery and post-delivery coverages, tetanus vaccination coverage, total fertility rate and maternal mortality will be reviewed by each province on an annual basis.

VIII. EVALUATIONS AND AUDITS

An external audit process was initiated by Price Waterhouse this April and continues underway. An informal internal audit in each province was conducted by local MSH contracted personnel and UAF. Establishment of prerequisites to receive money based on an acceptable level of justification was set. A MSH local advisor was hired to work with UAF and the project Coordinator to accelerate the MOH process of transfer of funds. Peter Huff-Roesel, MSH Deputy Director visited the project to evaluate technical assistance performance in November 1991. A report of his visit will be sent to USAID/Ecuador. An administrative evaluation was performed by USAID O/CONT during the first months of 1992. All these evaluations have served to improve the management of technical, administrative and financial aspects of this project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. ISSUE: Project funds administered by the MOH have maintained a slow movement through this period due to: delay in liquidation of advanced funds, MOH provincial staff lack of commitment to project funds management.

CORRECTIVE ACTIONS: Permanent dialogue with provinces, central ministry and USAID accountants, increase efforts in training in financial management, run an external audit, reinforce UAF and restrict additional funds to only complying provinces.

2. ISSUE: The Ecuadorian political campaign continues and MOH personnel instability is evident, their commitment to project planned activities is decreasing and new technical and political considerations will emerge, affecting project implementation.

CORRECTIVE ACTIONS: Both MSH as well as USAID/GDO/HPFD and DIR must maintain close contact with current and incoming MOH officials so as to minimize disruption.

3. ISSUE: The Project Manager counterpart continues overloaded with other ministerial work and her complete participation in the management of the project has been limited. This has resulted in project implementation delays.

CORRECTIVE ACTIONS: Delegation and decentralization of authority; it would be advisable to change the location of project management from Fomento y Protección to the General Director of Health. Maintain close relationships between TA and technical and administrative chiefs.

4. ISSUE: Counterpart funds have to be reviewed, particularly the exchange rate as it has changed from the proposed original amounts.

CORRECTIVE ACTION: Request to O/CONT on this action.

5. ISSUE: Gender considerations as included in this SAR have to be shared with counterparts in order to obtain needed information.

CORRECTIVE ACTION: Discuss this issue with MSH and MSP authorities.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Approve suggested changes to Project-Agreement through PIL No. 12; change MSH contract and logical framework (06/92).

2. TECHNICAL ASSISTANCE

- a) Select, contract and set-up the project advisor and office for Chimborazo provincial directorate. (MSH 10/92)
b) Select and contract a Pichincha provincial advisor assistant (MSH 07/92)
c) Select and contract a Health Education Assistant and a Training Assistant for project (MSH 07/92).
d) Extend for no more than four months the contract with Training technical Director (MSH 10/92).

3. TRAINING

- a) Training seminars and workshops in country (DDC,ARI,CH and EPI program chiefs from MOH), ongoing.
b) Begin to assess potential universities to implement four Centers of Professional Development in health-related training program. (Training Selection Committee 12/92)
c) Implement a series of Local Rapid Assessments in provinces in order to evaluate the project (MSH 08/92)
d) With the assistance of the Directors of Finance and UAF, complete a training course including a mini-diagnosis of accounting problems encountered in each province. (MOH 07/92), ongoing.
e) Continue selecting students for international short-term courses based on established selection criteria. (Selection Committee-92)

4. PROCUREMENT

- a) Local procurement by MOH according to plans. (MOH ongoing)
b) Implement plan for Overseas Procurement. Conclude the purchase of the computer equipment for the provinces and the designated central levels. (MSH ongoing)

5. Complete testing of ECUAPRO MSH Computer program for purchase and control of pharmaceuticals and Medical supplies in Chimborazo. (MSH 06/92), ongoing.

6. Complete the centralized inventory of fixed assets for the eight provinces (MSH 06/92)

7. Continue the Project Executive Committee (CEC) meetings on a bi-weekly basis and call the "Comite de Ejecucion" for a serie of meetings on a province by province rotating basis to discuss implementation of provincial actions. (EC members 12/92)

8. Approve a general guide for an expanded data base including impact indicators to be applied in the provinces (EC-06/92)

9. Monitoring of Project Annual Plan for 1992, Annual Technical Assistance Plan and Annual Training Plan implementation (MOH, MSH, F.Ortega/USAID).

10. Complete the full integration of the annual plan in one data system bringing together statistics, accounting, and budget programming (MSH/MSP).

11. Policy Dialogue (Yamashita, Jordan, Ortega, DIR, D/DIR).

- a) In order to maintain continuity of activity during the election year.
b) To consider elevating the project status from Fomento & Protección to the DG's office.
c) Develop workplan for 1992/93 for T.A. in Health Financing Initiatives.

12. Start design of the 1993 Annual Plan (ready by 10/92)

13. Initiate process of obligation of funds under FY-92 (FO,MR 06/92)

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Water and Sanitation for Health and Ecuadorian Development
 Project Number: 518-0081
 Date of Authorization: original 07/21/89
 Date of Obligation: original 09/22/89
 PACD: original 12/31/93
 Implementing Agencies: Instituto Ecuatoriano de Obras Sanitarias
 Major Contractors: WASH, Romero Asociados
 AID Project Officer: Mario Vergara
 Status of CPs/Covenants: All CPs have been met

Date of Last Evaluation: 00-00-00 Next evaluation: 05-06-92
 Date of Last Audit: 12-31-90 Next Audit: 12/92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,000,000 last amend \$4,000,000
 Amount Obligated: DA Grant: original \$ 853,800 last amend \$2,662,831
 Current FY Oblig: DA Grant: \$ 100,000
 Amount Committed: Grant - Period: \$ 558,922
 Cumulative: \$1,961,037

Accrued Expenditures: Grant:
 Period - Projected: \$ 587,330
 Period - Actual: \$ 45,291**
 Cumulative: \$ 887,558
 Period - Next \$ 500,000

Counterpart Contribution: Planned: \$15,761,000
 Actual: \$ 4,668,000

% LOP Elapsed: 60% *

% of Total Auth. Oblig. (Grant) 67%

% of Total Oblig. Exp. (Grant) 32%

% of Total Auth. Exp. (Grant) 21%

** See Section IX

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED *			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	LOP	
1. Prov. Oper. Module establis.	16	8	16	0	0	8	50	
2. RW/S Syst. Const. (served people)	640	77	240	80	6	52	8	
3. Hygiene Education (cycles of mass media)	320,000	38,500	116,000	40,000	4,200	31,067	10	
4. Operat. & Maint. (RSW/S inventory completed)	7	1	3	1	0	2	29	
5. Provincial O&M program initiated	8	2	4	4	0	8	100	
6. Local Training	8	2	2	3	2	2	25	
a) IEOS personnel	2,288	260	690	380	174	589	26	
b) RW/S Board committees members	5,768	530	1,308	690	366	1,332	23	
7. Training (persons) short-term	60	5	9	3	1	7	12	

*Project start up was delayed six months while technical assistance and IEOS staffing arrangements were made. Project activities started in October 1990.

III. PROJECT DESCRIPTION

The project consists of five major components: systems construction, hygiene education, operations and maintenance, appropriate technology, and training. The project plans to support the construction of 640 new rural WS&S systems using the decentralized operational module approach and institutionalizing this means of construction in the process. The hygiene education program plans to use mass media and person to person health education technologies to change hygiene behavior to improve health impact. Project operations and maintenance objectives are to (1) establish in IEOS the capability to maintain and support the community Water Board's maintenance of the RW&S systems and (2) strengthen the administrative capability of the Water Boards. Activities under the appropriate technology component are intended to provide IEOS with the long-term capability to design, manage, and apply research to improve RW&S technologies and efficiency; and also to complete specific studies that can be used to increase the cost-effectiveness of construction and operations. Training activities undertaken by this project will: (1) upgrade the traditional technical and management skills of IEOS headquarters and field personnel to perform their assigned task appropriately, and (2) introduce new management practices and technical skills called for by this Project's

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innovations.

The purpose of this Project is to strengthen the Ecuadorian Institute of Sanitary Work's (IEOS) capability to assist rural communities in eight provinces to (1) install cost effective, technologically appropriate safe water supply systems and latrines; (2) use the water and latrines to improve family health status; and (3) maintain and improve the systems in the future. The eight provinces to be served by the Project are Imbabura, Pichincha, Cotopaxi, Chimborazo, Azuay, Tungurahua, Carchi and El Oro.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

The increased use of MCH services depends not only on provision of services but also on increased demand. Provision of basic water and sanitation along with hygiene education raises people's awareness and understanding of health and sanitation. Such awareness in turn leads to demands for expanded and improved services.

PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The project has started to experience success. Virtually all actions planned for this reporting period have been accomplished in a timely and effective manner. The project team, both at the managerial level as well as the operational level have worked in a coordinated fashion which in turn has strengthened IEOS's decentralization process. International and local technical assistance have played an important role and its contribution towards the achievement of progressive project success has been sustained.

IEOS has thoroughly elaborated project related expenses and has shown evidence in its 1992 workplan that counterpart funding has in fact been provided as agreed. This counterpart commitment will be supported by an official MOF certificate or its functional equivalent.

VI. PROGRESS DURING REPORTING PERIOD

Management Level

1. The Project's CY 1992 annual work plan including the five major project components have been approved. The plan includes evidence that counterpart funds have been allocated to the project in the amount of US\$3,739,000.
2. The third phase of the Management Development Program to improve IEOS management capabilities was carried out by WASH TA.
3. IEOS high level officials and the Project Coordinator attended the Bolivarian Sanitary Engineering Congress in La Paz, Bolivia. The project manager attended a one-month pre-investment course in Mexico City.
4. The Project Coordinator's contract was extended until December 31, 1993.

5. The local long-term technical advisors for the appropriate technology and Hygiene Education project components were contracted.
6. 26 new female promoters for the hygiene education component were selected and contracted.
7. International procurement of vehicles, motorcycles, and tools was initiated.
8. ESF Potable Water and Letrinization activities Nos. 058-078 concluded and final reports were sent to MOF for approval.

Component Level

1. The fourth WASH technical assistance visit for the hygiene education component was carried out.
2. Two studies and one applied research study under the appropriate technology and Operations and Maintenance project components have been initiated. A technical magazine including appropriate technology themes has been issued and distributed.
3. Training of trainers phase III, with WASH TA, was successfully accomplished during November. IEOS authorities approved the Project Training System which became the first step towards institutionalizing the project.
4. Fourteen training sessions were completed providing training to 174 provincial and central level IEOS personnel and 366 village level members.
5. The updated version of the Operation and Maintenance Manual has been approved and is being issued for distribution.
6. The Operation and Maintenance program in Azuay and Cotopaxi provinces have been initiated together with the Water Quality Monitoring Plan designed to detect waterborne disease breakouts (cholera).
7. Operation and Maintenance warehouses built in Cotopaxi and Chimborazo provinces.

VII. GENDER CONSIDERATIONS

The rural communities and IEOS have recognized that field work by female promoters is beneficial for the project. This activity has been supported and expanded. Forty three female promoters have been contracted as hygiene educators. Two hundred thirty eight women from rural communities, promoters and leaders for hygiene education have been trained to participate in O&M and Hygiene Education project activities.

VIII. EVALUATIONS AND AUDITS

An audit covering October to December 1990 was carried out in April 1991 by the GOE Comptroller. The audit recommendations were minor and actions by IEOS identifying responsibilities and dates have been established in order to close them.

A midterm evaluation is planned for May-June, 1992 through an IOC contract to Resear. Triangle Institute.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: A new administration will begin in August 1992. This will cause a degree of discontinuation of activities until new GOE officers are familiarized with project's goal and purpose.
Corrective Action: The project management level will have to strive to attain new GOE administration commitment and support.
2. Issue: Project expenses during reporting period appear low (US\$45,291).
Corrective Action: According to GDO/HFPD and O/CONT review, the real expenses plus accruals during reporting period totals US\$251,705. However, there are three reasons why the period projected expenses were not met.
 - a) International procurement has been delayed more than anticipated due delays in contractual procedures.
 - b) 1992 Workplan was not approved until March, 1992 thereby limiting January-February, 1992 program activities.
 - c) AID/W does not submit WASH's technical assistance advice of charges in a timely fashion. The last advice of charge for the WASH Buy-in was received by O/CONT in October, 1991 as a result accumulating accruals between quarters.
3. Issue: Project Mortgage of approximately 1.3 millions until PACD 12/93. Next fiscal year - close mortgage.

Corrective Action: Discuss with PPD for next fiscal year's budget submission.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

Management Level

1. Conclude midterm evaluation (RTI, 5-6/92).
2. Carry out a monitoring workshop and the WASH 5th technical assistance visit to Project Managers and Components (WASH 9/92)
3. Extend and add-on funds to WASH's contract (Vergara, 6/92).
4. Finalize contracts for shipping and reception of vehicles, motorcycles and tools (RCO, IEOS 8/92).
5. Contact New Government Officials (DIR, D/DIR, GDO, AA 8/92)
6. Obtain from MOF an official document which states amount of counterpart funds assigned for the project. (DIR, D/DIR, GDO/H, MOF, IEOS)

Component Level

1. Carry out the WASH 4th Technical Assistance visit for the Operations and Maintenance component. (WASH 4/92)

2. Publish and distribute the second UCETA magazine. (IEOS, 5/92)
3. Establish the Operations and Maintenance program in Carchi, Pichincha and Chimborazo Provinces. (IEOS, 7/92)
4. Initiate three studies and one applied research project under the appropriate technology and Operations and Maintenance project components. (IEOS, 7/92)
5. Complete building of warehouses in Pichincha, El Oro and Carchi provinces. (IEOS 8/92).

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A X B C

1. BACKGROUND DATA

Project Title: Health and Family Planning
 Project Number: 518-0084
 Date of Authorization: original 08-04-91 last amendment 00-00-00
 Date of Obligation: original 09-10-91 last amendment 00-00-00
 PACO: original 09-30-97 amended to 00-00-00

Implementing Agencies: NPA: Ministry of Finance (MOF)
 Consejo Nacional de Desarrollo (CONADE)
 Ministerio de Salud Pública (MSP)
 Instituto Ecuatoriano de Seguridad Social (IESS)
 CA: Asociación Pro-Bienestar de la Familia Ecuatoriana (APROFE)
 Centro Médico de Orientación y Planificación Familiar (CEMOPLAF)
 ESF: Centro de Estudios de Población y Paternidad Responsable (CEPAR)
 Archdiocese of Cuenca
 Vicariate of Esmeraldas

Major Contractors: SOMARC, JHU/PCS, INOPAL, and FHI
 AID Project Officer: Mario Vergara
 Status of CPs/Covenants: Terminal Date 02/29/92 (see section V)

Date of Last Evaluation: 00-00-00 Next evaluation: *
 Date of Last Audit: 00-00-00 Next Audit: 12-15-92

FINANCIAL DATA

Amount Authorized:	DA Grant: original	\$10,500,000*
Amount Obligated:	DA Grant: original	\$ 1,384,367
Current FY Oblig:	DA Grant	\$ 0
Amount Committed:	Grant - Period:	\$ 884,367
	Cumulative:	\$ 884,367

Accrued Expenditures:	Grant:	
	Period - Projected:	\$ 954,600
	Period - Actual:	\$ 342,034
	Cumulative:	\$ 342,034
	Period - Next:	\$ 850,000

Counterpart Contribution:	Planned:	\$11,770,870**
	Actual:	\$ 752,180
% LOP Elapsed:		11%
% of Total Auth. Oblig. (Grant)		13%
% of Total Oblig. Exp. (Grant)		25%
% of Total Auth. Exp. (Grant)		3%

* 2,500,000	NPA
8,000,000	DA
** 2,000,000	ESF

* Will depend on M & E plan, currently being prepared.

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
<u>Use/Effectiveness</u>							
1. *CPR increase from 53% to 58%	5%	N/A	N/A	N/A	N/A	N/A	N/A
2. *Contraceptive Modern Methods Mix from 40% to 50%	10%	N/A	N/A	N/A	N/A	N/A	N/A
3. *New users under age of 25.	50%	N/A	N/A	N/A	N/A	N/A	N/A

Sustainability

1. Trust fund for APROFE and CEMOPLAF	US\$1,000,000		200,000											
2. **PVO's cost-recovery increase from 30 to 65%	35%		5%											
	M	F	M	F	M	F	M	F						
3. Training (persons) Overseas - Short term	7	7	0	0	0	0	2	2	0	0	0	0	0%	0%

Policy Reform

- A national population policy implementation plan including the re-creation of the National Population Council by year two.
 - IESS purchasing with own budget 100% of contraceptives by PACD starting in an increasing manner in year four.
 - MOH supporting additional budgetary requests from MOH for maternal health and family planning activities by year two.
- * These data will be determined by National Fertility Surveys and/or KAP'S surveys.
- ** These data will be determined by financial Audits.

III. PROJECT DESCRIPTION

The project goal is to improve the health of mothers and children through reduction in high risk births, and to promote the freedom and right of couples to choose the number and spacing of children they desire.

The project purpose is to increase the use, effectiveness, and sustainability of family planning services in Ecuador, through (1) the strengthening of family

planning non-government organizations (NGOs) in order to improve their institutional sustainability over the long run; (2) operational policy reform and implementation by the public sector, increasing the levels of resource allocation and political commitment to family planning; and (3) improve communications in order to expand service delivery to specific target sub-groups which have exhibited high levels of unmet demand or are of high health risk.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

All components of the project are directly related to achievement of the Strategic Objective. Policies and improved financial management will affect the effectiveness and sustainability of family planning programs; training and technical assistance will affect the use of family planning services.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The DA component with the private sector (APROFE and CEMOPLAF) has continued satisfactorily. Both PVO's have demonstrated institutional maturity and the overall component performance is on its way to success. Clear targets related with project outputs have been established with special emphasis on institutional long term sustainability.

The NPA component with the public sector has suffered delays in accomplishment of CP's. All but one CP have been met; the last CP will be cleared as soon as Mission receives the required documentation from CONADE. Progress toward achievement of purpose is on its way considering that this portion of the Project is innovative and the level of funds is modest.

Even though the recipients under the ESF component suffered delays in receiving their first advance, they continued working toward the achievement of their project goals with scarce financial resources.

VI. PROGRESS DURING REPORTING PERIOD

- Procurement of contraceptives for 1992-1993 ordered.
- Indicators to measure major outputs of the program, as part of the M & E plan have been determined.

D.A. Component

- Approved 1992 Annual Work Plan for APROFE and CEMOPLAF.
- Redistributed budgets in a more realistic manner with APROFE and CEMOPLAF.
- Trust fund for APROFE and CEMOPLAF is in its final stages of negotiation.
- Debt swap procedures initiated.

NPA Component

1. All CP's but one have been cleared from the NPA component for the first disbursement. Basic PIL's have been issued.
2. MOH and IESS's (DNMS) family planning norms have been published.
3. MOH utilized the private sector to train technical staff on IUD insertion and follow-up.

ESF Component

1. ESF projects (CEPAR, Archbishopric of Cuenca and Vicariate of Esmeraldas) approved through PILS. First advance delivered to institution.

VII. GENDER CONSIDERATIONS

Family planning programs in general are directed towards women of reproductive age, this group being the essential target group. However, under the current project, emphasis has been put on reaching current and potential male family planning users through nationwide promotion of condom use.

VIII. EVALUATIONS AND AUDITS

A monitoring and evaluation plan will be finalized during the coming reporting period in order to determine accurate evaluations parameters.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: The first disbursement in the amount of US\$500,00 has not been delivered to the GOE for the NPA Component.
Corrective Action: All but one CP have been cleared. The remaining CP has been postponed until CONADE submits official documents which show evidence that the "Comite Nacional de Poblacion" has been re-activated and specific plans for the first meeting of this "Comite" are stated.
2. Issue: CEPAR has not received the remaining balance of S/. 1'800.000 as specified in PIL of the ESF component.
Corrective Action: CEPAR will present to USAID and MOF an Investment Plan in order to assure proper management of funds. This evidence will allow the MOF to deliver to CEPAR the remaining balance to complete the S/.1'800.000,00. This action requires policy dialogue by the Mission DIR and D/DIR.
3. Issue: FY/92 project OYB budget allocation has been cut by more than 50%.
Corrective Action: Coordinate action plan with PPD in order to review and modify these circumstances.
4. Issue: AID/W due to overall budget constraints might not be able to match funds with Mission for technical assistance as stated in project.
Corrective Action: Contact and negotiate with AID/W.
5. Issue: Based on APROFE and CEMOPLAF counterpart projections they have requested additional funds for the Trust fund over the current US\$500,000 assigned for each CA.

Corrective Action: Follow up and monitor on the trust fund strategy and determine at mid-term the counterpart funds trends.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

D.A. Component

1. Finalize CEMOPLAF's pricing study (INOPAL-FHI 7/92)
2. Finalize Trust Fund mechanism for APROFE and CEMOPLAF and deliver first US\$ disbursement according to counterpart local currency levels (APROFE, CEMOPLAF, GDO/HFPD).
3. Follow-up on Debt swap. (APROFE, CEMOPLAF, GDO/HFPD, 6/92)
4. Determine and contract specific technical assistance according to CA's needs (APROFE, CEMOPLAF, USAID/E).
5. Amend Cooperative Agreements to obligate FY-92 funds.

NPA Component

1. Deliver first US\$500,000 Disbursement to GOE. (Vergara, Yamashita, Rivadeneira 6/92)
2. Obligate second US\$1,000,000 to project. (Vergara, Yamashita, Rivadeneira 6/92).
3. Receive formal document (Acuerdo de Vicepresidente) to reactivate National Population Council and carry out first meeting. (CONADE 6/92)
4. Gain GOE new authorities commitment to support newly established PIC. (MOF, DIR, D/DIR, GDO/HFPD 9/92)

ESF Component

1. Deliver to CEPAR remaining funds to complete S/.1,800,000,000 in order to strengthen institutional capability. (DIR, D/DIR, MOF, PPD, 5/92)
2. Carry out field visits to Archbishopric of Cuenca and Vicariate of Esmeraldas. (MOF, GDO/HFPD)

Technical Assistance

- 1.- Carry out assessment study. (SOMARC 6/92)
- 2.- Initiate "Mystery Shopper" promotion. (Futura, W.L. 6/92)
3. Complete obligation of funds to SOMARC, INOPAL, FHI AND JHU/PCS through PIO/T's (Vergara 6/92)

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SEMI ANNUAL REVIEW

October 1, 1991 - March 31, 1992

Project Name: Private Pharmaceutical Distribution - ASOPROFAR.

Project Number: 518-0093

Financial Data:

Amount Authorized: DA Grant: original \$151,000

Amount Obligated: DA Grant: original \$151,000

Amount Committed: Grant - Period: \$151,000
Cumulative: \$151,000

Accrued Expenditures: Grant:
Period - Projected: \$ 45,000
Period - Actual: \$ 51,806
Cumulative: \$107,872
Period - Next: \$ 43,128

Counterpart
Contribution: Planned: \$862,300
Actual: \$111,700¹

% LOP Elapsed: 75%
% of Total Auth. Oblig. (Grant) 100%
% of Total Oblig. Exp. (Grant) 71%
% of Total Auth. Exp. (Grant) 71%

Project Purpose: To provide low cost high quality brand name drugs to underserved populations in urban marginal and rural areas on a self sustaining basis.

Implementing Agency: Asociación Ecuatoriana de Industrias e Importadores de Productos Farmacéuticos (ASOPROFAR).

Major Accomplishments: The project continues to function successfully and it has achieved 87% of the EOPS which corresponds to 52 well established botiquines. During this period 16 new botiquines were installed. By the next reporting period the project plans to reach 100% of the EOPS. (i.e., 60 botiquines).

¹This is an approximate amount based on the information provided by Romero Asociados.

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The new botiquines were installed in Pichincha, Los Rios, Cañar, Loja, Guayas and Pastaza provinces. Due to the floods in the coastal region it has been difficult to install additional botiquines in Los Rios province.

Training activities: 24 botiquines administrators received adequate training and another course is planned for May; 16 persons from 3 NGOs received on-the-job training on Medical information systems; 16 persons from 6 NGOs of Carchi, Guayas, and Pichincha were trained in word processing; central office personnel received training in software.

In early January there was an event to present project accomplishments with the participation of the different NGOs, politicians, diplomats, and industry representatives.

The following activities were performed as part of the community health education component: analysis of alternatives for message and media; selection of the most adequate alternative; organization and coordination of a puppet group; tests of the selected alternative; elaboration, application, and analysis of surveys to measure: comprehension, attraction, credibility, self-identification, and persuasion. There were 26 presentations of the puppet group in different provinces of the three regions. This kind of presentation will be reproduced by the different NGOs in other provinces. A video which summarizes these educational activities and accomplishments was also developed.

The main problem during this period was the conflict between the GOE and the industry regarding new prices for medicines. In order to compensate this last price increase, the different pharmaceutical distributors increased their discounts to 15 and 20% of the regular prices they charge to retail drug stores.

ASOPROFAR is in the process of preparing a proposal for follow on activities specifically expanding the number of botiquines to 120. USAID will have to decide whether to fund this proposal.

Drafted by: P. Rodriguez
WFile: SAR093.92

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A X B C

I. BACKGROUND DATA

Project Title: Cholera Response In Affected Rural Areas Project
 Project Number: 518-0108 Grant # (518-004-G-00110900)
 Date of Authorization: original 08-30-91
 Date of Obligation: original 08-30-91
 DACD: original 08-30-92
 Implementing Agencies: CARE
 Major Contractors: XX
 AID Project Officer: Fernando Ortega/Patricia Rodriguez
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 4/15/92 Next evaluation: 08-17-92
 Date of Last Audit: N/A Next Audit: 08-30-92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 619,854
 Amount Obligated: DA Grant: original \$ 619,854
 Current FY oblig: Grant: - 0 -
 Amount Committed: Grant - Period: \$ 619,854
 Cumulative: \$ 619,854

Accrued Expenditures: Grant:
 Period - Projected: \$ 400,000
 Period - Actual: \$ 315,000*
 Cumulative: \$ 315,000
 Period - Next \$ 304,854

Counterpart
 Contribution: Planned: \$ 586,084
 Actual: \$ 413,898

% LOP Elapsed: 58%
 % of Total Auth. Oblig. (Grant) 100%

% of Total Oblig. Exp. (Grant) 51%
 % of Total Auth. Exp. (Grant) 51%

* According to the last accruals.

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED				% OF LOP			
	PERIOD		CUM		NEXT PERIOD		CUM					
	LOP #	PERIOD #	CUM #	NEXT PERIOD #	PERIOD #	CUM #	PERIOD #	CUM #				
1. Number of latrines built	15,000	7,500	7,500	8,525	6,475	6,475	43					
2. Number of programs broadcasted	120	60	60	1,000	1,234	1,234	1028					
3. Number of families trained	15,000	7,500	7,500	8,525	6,475	6,475	43					
4. Number of CORUs established	200	100	100	50	150	150	75					
	M	F	M	F	M	F	M	F	M	F	M	F
5. Training (persons)**												
Long term	0	0	#	#	#	#	#	#	#	#	%	%
Short term	0	0	#	#	#	#	#	#	#	#	%	%

** The project does not contemplate any external training.

III. PROJECT DESCRIPTION

This project will be implemented in Los Rios, Imbabura, and Chimborazo provinces and consists of three components: 1) latrine construction, 2) hygiene education and 3) mass media campaign. The project plans to support the construction of 15,000 latrines in a coordinated effort with IEOS, using an appropriate technology for each geographical region. The education campaign consists of: a) organizing and training the community in hygiene and prevention of diarrheal diseases and constructing a demonstration latrine, b) building latrines and reinforcing the educational messages and, c) evaluating the effectiveness of the interventions. Mass media to be used are TV and radio.

The goal of this project is to diminish cholera morbidity and mortality by 80% in 230 rural communities in the three mentioned provinces. Since cholera incidences are expected to vary seasonally, the indicator of achievement will be the reduction in cholera incidence to 100 cases in the last three months of the project and the cholera deaths to less than ten. Intermediate goals are to increase: 1) the correct use of rehydration procedures to 80%; 2) the use of adequately treated drinking water and foods to 60%; 3) the correct handwashing methods and occasions to 80%; 4) the adequate protection of

rooked foods to 80%; 5) the correct use of latrines and excreta disposal to an additional 15,000 families; and 6) establish 200 CORUs populares.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

Cholera is currently an epidemic which has diverted all attention of MOH away from longer term interventions that directly impact on the Strategic Objective. The logframe of all projects under this Strategic Objective assumes no major epidemics in achieving its goal. Cholera, being an epidemic, severely hampers our ability to reach project goals and the achievement of the Strategic Objective. Assistance in this area therefore is critical.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The baseline evaluations were completed in the three provinces. CARE prepared a mid-term evaluation to inform the Mission about the accomplishments and the impact of the project. The presentation was addressed to GOE authorities, international organizations, and people involved in this activity. The project is progressing toward achievement of its objectives thanks to the effort of CARE, the strong participation of the communities, and other institutions.

VI. PROGRESS DURING REPORTING PERIOD

1. On January 29, 1992 USAID approved the first amendment to the Grant to include Chimborazo, Imbabura, and Los Rios provinces, to authorize a redistribution of funds, and to increase the counterpart contribution.
2. CARE signed agreements with the Civic Action of the Armed Forces, the Chimborazo Association of Radios, the School of Radios, among others.
3. CARE continues providing training seminars in the three provinces giving special emphasis to hygiene education. There was a workshop to revise and complement the field procedures guide. CARE also requested the IEOS and the provincial health promoters to use the social mobilization strategy to motivate a massive community participation.
4. All the materials required for the construction of the 6,475 latrines were procured.
5. CARE hired a social worker with strong training abilities to help cultivate community participation and education skills of the staff. He is developing detailed hygiene education guides and is training the staff in their use.
6. Los Rios province received a vehicle donated by the Japanese Embassy.

VII. GENDER CONSIDERATIONS

Women's contribution to the project is very important. The hygiene education campaigns are for the communities in general, however mothers play a very important role in the dissemination of information. During the latrines construction and training process, the participation of the community has been valuable and almost 60% of all the trainees were mothers and women.

VIII. EVALUATIONS AND AUDITS

A mid-term evaluation of the project was carried out and presented to GOE, international, and local authorities on April 15, 1992. The most relevant

results of the evaluation indicated that among the three provinces of the project there is a significant impact when comparing baseline with evaluation data. For example, the prevalence of use of ORS has increased from 24% to 60%; the use of adequately treated drinking water has increased from 45% to 75%, and the correct use of latrines and excreta disposal has increased from 26% to 81%.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. ISSUE: National factories have a great difficulty in providing large amount of fixtures, pipe, and cement. CARE imported some sanitariums from Colombia and they had shipping and customs problems.

CORRECTIVE ACTION: CARE hired a new director of purchasing and a complete purchasing manual is being published.

2. ISSUE: MOH was concerned with provincial equity because the project originally was designed only for Los Rios province.

CORRECTIVE ACTION: CARE partially resolved this problem by extending the coverage to the most affected counties of Imbabura and Chimborazo provinces.

3. ISSUE: In Los Rios province there were unpredictable factors that delayed the implementation of the project (Niño current and rainy season) and there was uncertainty about whether the staff would be able to continue constructing throughout the rainy season.

CORRECTIVE ACTION: CARE moved to communities in higher terrains to continue the planned works. If the flooding ends by June CARE will have no trouble finishing all construction and education.

4. ISSUE: The goals that have been self-established by CARE were extremely ambitious, especially when experience and statistics show that fatality rates due to cholera in Ecuador have been higher than 1%, as established by international organizations. Provincial fatality rates as of March/92 are: 3.4% for Chimborazo, 1.3% for Imbabura, and 0.7% for Los Rios provinces.

CORRECTIVE ACTION: Review the quantitative goals considering these data.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Revise the oral rehydration education strategy and methodology (CARE, 6/92).
2. Continue the organization and the construction in the remaining communities (57%) of the project (CARE, IEOS, ongoing).
3. Participate in a water and sanitation recommendation conference (CARE, 4/92).
4. Complete the establishment of the remaining 50 CORUs.
5. Follow-up the deob/reob process to add funds to the project (PRodriguez, MRivadeneira, 7/92).

General Development Office

SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE NO. 4

Strengthened Democratic Institutions With
Greater Citizen Participation

1. Assessment of Overall Performance of
Strategic Objective Portfolio

As evidenced by the challenging political rhetoric in the press, on radio and television on the part of candidates running for political office in the upcoming elections, the protests by university students in the country, and strikes for higher wages by workers in the public sector - all met with generally peaceful reactions on the part of the government - democracy is alive and noisy in Ecuador. But the efforts for change are not always productive and the government's institutions not often responsive. It is towards this focus on responsiveness for a strengthened democracy that we direct our efforts with our SO 3 portfolio of projects.

This SAR period has been a critical one for the ELECT/CAPEL project. All major actions planned for the period have been accomplished, including analyses for the civic education campaign, and the training of thousands of election workers. The only

exception has been the start of the media campaign which will be covered in the next SAR. The RTAC II textbook sales program has

undergone some rewards and some trauma during this period. The Government of Ecuador declared the RTAC II project as one of "National Priority", thus granting the project total tax exemption on all book shipments during the life of the project. Twenty-seven agreements have been signed with bookstores in Quito, Guayaquil and Cuenca. The trauma involved storms in Mexico which caused the late arrival of the first textbooks in Ecuador some one month after the start of university classes in the Sierra. The textbook selection process was completed for the universities in the Coastal area (which has a different schedule for classes) and the books have arrived and been cleared from customs well in advance of the selling season.

The experience with CLASP I has paid ample rewards with the second phase of the Ecuadorian Development Scholarship Program (CLASP II). The CLASP II Advisory Committee was created in November, 1991. Recruitment is underway for the first short term

training group; a FUNDAGRO "Women in Agriculture" group, and coordination of the two other short-term groups planned for FY 92, small non-traditional farmers association leaders, and supervisors of health promoters, was begun. Long term training needs for the life of the project have been defined and selection work has begun with each Mission technical office.

Project Highlights:

- * ELECT/CAPEL Training material designed and over 630 election workers trained. In-depth survey of public perception of the government and the election process completed and analyzed.
- * RTAC II - 61,172 textbooks received and almost 7,000 sold. Reflow account established for purchase of new textbooks, with \$51,000 in the account to date.
- * CLASP I/II - APSP (CLASP I) exceeded the Congressional mandate for 40% participation by women with a total of 44% women over the life of the project. We expect CLASP II to meet or exceed this target.
- * FNJ Drug Information and Awareness - Progress in the area of dissemination of information on drug use and prevention. FNJ Director travels to San Antonio for Drug Summit. Major

television and press coverage of summit and involvement of FNJ.

- * Fundacion Guayaquil (Narcotics Education) - This small drugprevention and education project continued to make progress with educating small entrepreneurs about the dangers of involvement with drugs and drug trafficking.

2. Strategic Objective Indicators and Progress

Agreement was reached on revised SO language: Improved Responsiveness of Selected Democratic Institutions With Greater Citizen Participation. The SO includes the following projects: Democratic Initiatives (DI), RTAC II, CLASP II, and ELECT. The next SAR period will include discussion of the start-up of the AOJ activities that will eventually form part of the DI project. Information on specific program indicators and plans for evaluation are included in the individual SARs. The SO team began work on an overall M&E plan for the SO and outside TA will be provided for evaluation planning during the next SAR period.

3. Sector Developments and Issues Relating to the Strategic Objective

Less than two weeks before the start of the training program for some 84,000 poll workers, the Tribunal Supremo Electoral decided to revise part of the electoral

"actas". This called for revision of training materials. Political parties did not seem interested in participating in the training program. Lack of interest or lack of understanding? The answer is not clear. There have been difficulties with getting some major book sellers to sell RTAC textbooks. As understanding of program and sales increase, we expect more booksellers to join the program. The selection requirements for CLASP II are very rigid. It is sometimes hard to find participants who meet the technical requirements, yet fall under the "disadvantaged" category. The new USAID Selection Committee and process a helpful plus for the program. FNJ (narcotics education and prevention) continues with management problems. Perhaps no different than other PVOs trying to expand in a new and difficult area. USAID may lack patience to deal adequately with this development problem and management burden.

We continue to move forward with AOJ project planning. We signed a memorandum of understanding with ILANUD for AOJ work in Ecuador and have a proposal from ILANUD for this effort. We expect to sign a cooperative agreement with ILANUD to finance specific TA shortly. AOJ working groups in Quito and Guayaquil have continued efforts to promote change. USAID financed a workshop on "Conflict Resolution" with the Ministry of Government (Subsecretaria de Justicia).

We are working with TSE and CAPEL to extend the ELECT project from the end of July

through September 31, 1992 to allow us to complete support to both presidential election rounds (May and July) and to provide ample time to conduct comparative surveys and better understand the electoral process and problems.

4. Policy Dialogue Agenda Related to the Strategic Objective

Adoption of new criminal and civil legal codes and procedures is the overall and long term policy dialogue agenda topic. ILANUD has provided TA for work on a revised penal code and dates are being set for discussion of the draft code among judges, government servants and lawyers in seven cities in Ecuador. This discussion/diffusion stage will take place during the next SAR period.

5. Highlights of the Major Events, and Actions During the Next Six Months

a) We will have a proposal from CAPEL for the extension of the ELECT project through the end of September. The reports on the ELECT project will help us to decide if we should continue support for improvement in the election process over the next few years.

b) RTAC II will continue to expand as well as gain first experience with book sales in the Coastal area. Books on political and marketing sciences are being added to the list. As more professors become knowledgeable about the program and promote the program among their students, sales should expand and reflows for purchase of

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new books increase.

c) FNJ is working on meeting all the recommendations contained in the Price Waterhouse and Development Associates recommendations. Our new project manager, Ms. Paez, is slowly getting the management process in order. FNJ must meet certain management objectives during the next SAR period in order to meet the requirements for continued funding.

d) We expect to sign a Memorandum of Understanding with the Supreme Court and the Ministry of Government for work with AOJ so that all parties are clear about the objectives and responsibilities. This MOU will need to be discussed with the new government to reaffirm agreement; an essential requirement for continued work in the AOJ arena.

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PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A ___ B ___ C X

I. BACKGROUND DATA

Project Title: Drug Information and Public Awareness
 Project Number: 518-0064.2
 Date of Authorization: original 07-23-87 last amendment 04-02-90
 Date of Obligation: original 07-23-87 last amendment 04-02-90
 PACD: original 07-23-89 amended to 04-01-94
 Implementing Agencies: Fundación Nuestros Jóvenes (FNJ)
 Major Contractors:
 AID Project Officer: Adriana B. de Páez
 Status of CPs/Covenants:

 Date of Last Evaluation: 08-30-91 Next evaluation: 03-01-94
 Date of Last Audit: 07-31-91 Next Audit: 07-31-92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,600,000 last amend \$2,725,000
 Amount Obligated: DA Grant: original \$ 300,000 last amend \$2,419,772
 Current FY Oblig: Grant: \$
 Amount Committed: Grant - Period: \$ 0
 Cumulative: \$2,419,772
 Accrued Expenditures: Grant:
 Period - Projected: \$ 130,000
 Period - Actual: \$ 96,606
 Cumulative: \$2,241,107
 Period - Next: \$ 135,000
 Counterpart
 Contribution: Planned: \$1,273,300
 Actual: \$ 720,000
 % LOP Elapsed: 70%
 % of Total Auth. Oblig. (Grant) 89%
 % of Total Oblig. Exp. (Grant) 93%
 % of Total Auth. Exp. (Grant) 83%

II. MAJOR OUTPUTS:

	PLANNED								ACCOMPLISHED				% OF LOP	
	LOP		PERIOD		CUM		NEXT PERIOD		PERIOD		CUM			
	M	F	M	F	M	F	M	F	M	F	M	F		
1. Number of persons at information dissem. events *	15	12	2.5	2.5	8.9	8.5	2.5	2.5	2	2.5	9.1	9.2	60	76
2. Training (persons)														
Short term	0		0		0		0		0		0		0	
Long term	0		0		0		0		0		0		0	

* Figures are presented in thousands. Events to provide familiarization with the Anti-narcotics Law are not included (See section VI below)

III. PROJECT DESCRIPTION

Phase II of Project is a four-year (1990-1994) "Cooperative Agreement" budgeted for \$1.125 million. The main components include:

- Institutional strengthening of the Fundación Nuestros Jóvenes (FNJ)
- Research on drug consumption and the risks of consumption.
- Prevention information dissemination.
- Legal education.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The Drug Information and Public Awareness Project contributes to the Democratic Initiatives Strategic Objective by educating and influencing both the political leadership and independent opinion leaders at all social and economic levels about the problems that drug consumption, production and trafficking create in society.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

Purpose: To significantly increase public awareness about the problem of drugs and prevention of drug abuse by increasing understanding of the negative effects of drug production, trafficking and consumption.

The EOPS indicators include: a) Government institutions articulate clear and coherent strategies relating to the political, economic, financial and social areas which support drug prevention programs; b) Implementation of effective controls which impede the formation of drug trafficking and production networks; c) A reduction in the rate of growth in the consumption of illegal drugs (as compared to 1988); and d) Anti-drug attitudes, opinions and practices are shared by 95% of the population.

The nation-wide contest to promote understanding of the Anti-Narcotics Law through the mass media closed on March 31, 1992. The contest encouraged wide participation of press, radio, and TV reporters. Significant progress towards the dissemination of information on the drug law, particularly among students, was also attained in the Coast and the Highlands; however, some important issues in the institutional strengthening component remain unresolved.

VI. PROGRESS DURING REPORTING PERIOD

Institutional Strengthening: Three of the six key positions in FNJ (Legal Adviser, Preventive Information Director, and Administrative Director) are vacant. In early March USAID/E notified FNJ that a) the Legal Adviser position can stay vacant for the rest of FY92, b) the Administrative Director position can be covered by the Project Manager until the end of 1992; the Preventive Information Director position has to be filled ASAP.

In January 1992 FNJ presented for AID approval the Work Plan for 1992, which contained financial errors and a revised salary plan. FNJ was asked to correct the financial plan by adjusting it to the FY92 budget and resubmit the corrected document to AID for approval once we reached agreement on salaries. Because of USAID's new policies regarding salaries and the establishment of a Salary Committee in USAID/E to approve all the foundations salary schedules, the FNJ compensation plan proposal was negotiated with FNJ over a protracted period. (FNJ's FY92 Salary Schedule was approved on April 9, 1992.) Until now FNJ has not presented the corrected Work Plan.

During this period, the Executive Director was invited to participate as a member of President Borja's mission in the Heads of State Drug Conference that took place in San Antonio, Texas.

Research: Work on the national epidemiological survey scheduled for 1992 has begun. FNJ sent a draft of the questionnaire on the national epidemiological survey for our comments. This survey has been distributed to the NAS/Embassy and selected USAID offices for additional comments or suggestions. As of now, 25% of the cost of this survey will be financed by USAID. UNDCP has been asked by FNJ to cover the remaining 75% through CONSEP (the National Drug Council).

On invitation from USIS/Embassy, the head of the Research Department of FNJ participated in a questionnaire standardization training seminar held in Bogota, Colombia and in La Paz, Bolivia. He also attended a meeting in Caracas, Venezuela sponsored by CECD (Centro Europeo contra las Drogas).

Preventive Information Dissemination: FNJ's Information Centers in Quito, Guayaquil, Manabí, Imbabura, Machala, Zamora and Loja Provinces have been providing information services to a monthly average of 600 persons interested in drug-related problems. A total of 3,800 "alertas" (a biweekly written report on up-dated literature on drugs) were distributed among opinion and political leaders, congressmen, university professors, etc. During the reporting period USAID decided to stop financing the "Informa-T" (telephone information) subprogram based on recommendations presented by the mid-term evaluation team. (See Section VIII below).

Other preventive information activities addressed to high school students, community

leaders and the general public include:

- 3 round-table discussions about drugs in Loja, Quito and Portoviejo.
- 74 video presentations on drug-related issues in Quito, Guayaquil, Loja, Manabí, Machala, El Oro and Ibarra.
- 40 workshops and seminars about drug abuse in the FNJ main office and in the provincial operational units (Unidades Operativas) throughout the country.
- 19 lectures on preventive education in Guayaquil, Zamora, Portoviejo and Ibarra.
- Approximately 400 radio program broadcasts (Machala, Zaruma, Guayaquil, Milagro, Ibarra, Portoviejo, Loja, Zamora, Quito).

Legal Education: Training seminar on the "Anti-Narcotics Law" has been given to 12 schools in Quito and to 18 schools in Guayaquil (369 volunteers and 205 students).

VII. GENDER CONSIDERATIONS

FNJ has begun to incorporate the collection of sex-disaggregated data in all preventive activities.

VIII. EVALUATIONS AND AUDITS

- FNJ interim evaluation, conducted by Development Associates, was delivered in its final version in October, 1991. As a result of this evaluation, 26 recommendations were presented to FNJ, most of them related to the administrative and financial management of the Institution, and others related to the management of the specific USAID/FNJ project, such as the continuation of financing for the "Informa-T" program. USAID/Ecuador has reached agreement with FNJ on the necessary steps to close these recommendations and is working closely with them on this. As a result, during the reporting period some of the outstanding recommendations were met.
- During this reporting period six of the seven recommendations of the Price Waterhouse (RIG) Pre-Award Survey of the Foundation in the areas of administrative budget, financial procedures, accounting systems and steps toward financial self sufficiency have been resolved and one completely closed. The closure of these recommendations by RIG has been requested.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. The FNJ Project Manager has been working closely with USAID in order to comply with all the Development Associates recommendations. Failure to comply with these recommendations could cause the Mission to terminate its Cooperative Agreement with FNJ.
2. The position of FNJ Executive Director and Chairman of the Board of directors has been combined and held by the same person since April, 1989. This issue was also observed on FNJ's mid-term evaluation. To resolve this problem, GDO has asked the FNJ Executive Director to separate these positions and to prepare new job descriptions. During this rating period, GDO has not received any formal information about this matter.
3. The FNJ employee turnover rate continues to be critical. As mentioned in Section

VI above, three of the six key positions are vacant. With our concurrence the position of Administrative Director has been taken over by the Project Manager as part of his duties. As explained under Section VI, the Preventive Information Director position will be filled during the next reporting period. The Legal Adviser position will be filled in 1993.

4. A review of FNJ's financial sustainability prepared by the Controllers Office revealed that FNJ has misused approximately S/.13,393.953.06 sucres to finance several debt installments during 1991. A bill for collection for this amount was sent to FNJ (02-14-92) to cover this payment.
5. Misunderstanding on the part of the Executive Director regarding project funds availability during this calendar year and changes in salary schedules caused a delay in the preparation and presentation of the Work Plan for 92.
6. According to FNJ's 1992 Annual Work Plan (not yet approved), continuation of the project through CY92 will require a FY92 obligation of approximately \$100,000. However, at FNJ's current rate of expenditure, the project will not have sufficient funds to last until the 4/94 PACD. Mission did not request any FY92 funds for the project. Moreover, decision on whether to obligate the remaining \$305,000 mortgage will be made at the beginning of FY93 based on the status of the project and clearance of outstanding recommendations.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Oversee closely compliance with the remaining six Pre-award Survey recommendations that had been resolved and make progress in closing them. (09/92 APáez/O/CONT)
2. Oversee closely compliance with the DA assessment recommendations and make progress in closing them. (09/92 APáez)
3. Oversee complete payment of Bill for Collection (08/92 APáez, O/CONT)
4. With the concurrence of the USAID Director, obligate \$100,000 in FY92 to cover part of FY93 costs.

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PROJECT NAME: Culture of Rejection Toward Narcotrafficking

PROJECT NUMBER: Grant No. 518-0083-G-00-0080-00

\$ LOP AMOUNT: \$88,900.00

PURPOSE: To develop a training system which will enable members of the Guayaquil informal sector to identify the social, cultural, and economic threats posed by the incursion of narcotics trafficking and abuse in their city and to develop a preventive culture to combat these problems.

IMPLEMENTING AGENCY: Fundación Guayaquil - Guayaquil, Ecuador

MAJOR ACCOMPLISHMENTS DURING THE PERIOD:

- The final report of the mid-term project evaluation conducted by Development Associates was delivered in October, 1991. The evaluation was very positive. Fundación Guayaquil has developed a carefully conceived and executed experimental project. It is an innovative approach in the anti-narcotics field which should yield positive results. Additionally, Fundación Guayaquil has shown itself to be fully capable of managing its programs and meeting the commitments it undertakes.
- The PACD was to have expired on March 31, 1992. In early March, Fundación Guayaquil requested and AID approved a two month no cost PACD extension, until May 31, 1992, in order to complete the publication and dissemination of some texts and to undertake the final evaluation included within the Project.

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PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A X B C

I. BACKGROUND DATA

Project Title: Andean Peace Scholarship Program (CLASP I)
 Project Number: 518-0067
 Date of Authorization: original 02-14-85 last amendment 02-21-89
 Date of Obligation: original 09-21-87 last amendment 09-21-89
 PACD: original 09-30-91 amended to 09-30-94*
 Implementing Agencies: Development Associates, the Experiment in International Living (EIL) and Aguirre International Jennifer Stimson
 AID Project Officer: Jennifer Stimson
 Status of CPs/Covenants: N/A
 Date of Last Evaluation: 10-24-91 Next evaluation: 06-93
 Date of Last Audit: 01-02-90 (Fulbright) Next Audit: 11-92 (EIL)

* PACD for regional project: APSP/Ecuador ends 12-31-92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$6,313,000 last amend \$6,879,000
 Amount Obligated: DA Grant: original \$ 75,000 last amend \$6,535,573
 Current FY Oblig: Grant: \$0,000,000
 Amount Committed: Grant - Period: \$0,000,000
 Cumulative: \$6,519,517
 Accrued Expenditures: Grant:
 Period - Projected: \$ 571,000
 Period - Actual: \$ 522,152
 Cumulative: \$6,467,056
 Period - Next: \$ 613,989
 Counterpart
 Contribution: Planned: \$0,000,000
 Actual: \$0,000,000
 % LOP Elapsed: 86%**
 % of Total Auth. Oblig. (Grant) 95%
 % of Total Oblig. Exp. (Grant) 98%
 % of Total Auth. Exp. (Grant) 94%

** LOP calculated as APSP-specific date: 9-21-87 to 12-31-92.

II. MAJOR OUTPUTS:

	<u>PLANNED</u>				<u>ACCOMPLISHED</u>				<u>% OF</u>					
	<u>PERIOD</u>		<u>CUM</u>		<u>PERIOD</u>		<u>CUM</u>			<u>LOP</u>				
	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>						
Training (persons)														
Long-term	52	38	0	0	52	38	0	0	0	0	52	38	100	100
Short-term	181	139	0	0	181	139	0	0	0	0	176	147	97	106

III. PROJECT DESCRIPTION

The Andean Peace Scholarship Program is a regional subcomponent of the Caribbean and Latin American Scholarship Program (CLASP), the objectives of which are to contribute to the formation of more effective manpower resources, thereby ensuring

the leadership and technical skills needed for the progressive, balanced and pluralistic development of the Andean countries, and to strengthen mutual understanding between these countries and the United States. The program strategy provides for short and long-term US-based training for current and potential leaders. At least 70% of the participants shall be disadvantaged and 40% shall be women.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The Andean Peace Scholarship Program contributes to the Democratic Initiatives Strategic Objective by equipping current and potential leaders with the leadership and technical/academic skills needed to sustain a democratic society and exposing them to U.S. values and institutions.

Program output #3, leaders and potential leaders equipped with and applying new skills and knowledge, will be measured by two indicators: 1) proportion of

participants reporting more involvement or effectiveness in community, professional and/or institutional activities, and 2) number of participants exposed to democratic activities and organizations in the U.S. Baseline data for the first indicator has been collected from application forms. No baseline data is available on the second indicator. Data on the first indicator will be collected through questionnaires and case studies (by EIL) and special surveys, focus groups and case studies (by the evaluation contractor). Efforts will be made to obtain data on the second indicator from the U.S. contractor, Development Associates, although they were not contractually required to maintain these records. Data on program sub-output #3.1, increased technical and other training for selected target groups, exists in the CIS, the computerized database used by CLASP.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The purpose of the Andean Peace Scholarship Program is to promote democratic values, strengthen US-Andean relations and contribute to the Andean countries' economic, political and social development by providing current or potential leaders with appropriate and relevant technical and academic training in priority developmental areas, as well as exposing them to the U.S., its citizens, values and cultures.

The EOPs were 410 scholarships of which 320 were to be short-term (1 to 9 months, average 6 weeks) and 90 long-term (12 to 30 months, average 16 months). All training took place in the United States or Puerto Rico, and included an "Experience America" cultural component. Follow-up activities are being conducted in order to increase the effectiveness of the training.

All participants to be trained under the project departed by September 30, 1991. A total of 413 Ecuadorians received or are receiving APSP training, including 90 long-term participants and 323 short-term participants (three more than were planned for). APSP/Ecuador exceeded Congressional mandates for 40% participation by women and 70% participation by disadvantaged participants with 44% women and 83% disadvantaged over the life of project. An APSP follow-on program has been established with seven regional alumni associations and 14 technical and academic associations.

Progress to date has been very good.

VI. PROGRESS DURING REPORTING PERIOD

1. Follow-on: Technical association workshops were conducted for the following short-term groups: in Guayaquil for the FY89 aquaculturists, in Quito for the FY88 journalists (in coordination with USIS), and in Santo Domingo de los Colorados for various groups of community leaders (FY88 women community leaders, FY90 Afro-Ecuadorian community leaders, and FY90 urban community leaders). The technical association meeting for FY89 and FY91 young political leaders that, according to the last semiannual report, was planned for this period was actually held in September, 1991, and not reported in the last semiannual report through an oversight. Regional association meetings were held for the associations from Quito and Santo Domingo de los Colorados. The APSP National Coordinating Committee, with representatives from all regional and technical associations, met twice in Quito and Ibarra. They developed bylaws that are presently being reviewed by the

Ministry of Social Welfare in order to legally register the Committee as an association. The Santo Domingo participants from the FY91 microentrepreneurs group formed the "Asociación de Becarios y Microempresarios de Santo Domingo de los Colorados", which has already offered a leadership workshop and is sponsoring low-cost technical courses. The bylaws of this association are under review by the Ministry of Social Welfare in order to obtain legal recognition. An artisanry fair organized and financed by returnees of the Central Sierra regional association was held in Ambato.

2. In March, 1991, the EIL contract was extended through December, 1992 to provide additional follow-on activities for APSP returnees. This extension obviates the need for the deobligation to the in-country contract that was contemplated in the last semiannual report.

3. The EIL/APSP follow-on coordinator resigned in January and was replaced in February.

4. AID/Washington began the process of deobligating unexpended funds in the Development Associates contract. The deobligation will be regional, to be handled by LAC/DR/EHR, but the deobligated funds will be reprogrammed to CLASP II on Mission request.

5. The CLASP I evaluation contractor conducted a process evaluation of the project in October and November, 1991, and concluded that the project achieved its objectives by "selecting the intended target groups and providing appropriate, useful training programs". The evaluator's principal recommendation is to expand the role of counterpart organizations to allow for more long-term relationships and more participation in planning and follow-on.

VII. GENDER CONSIDERATIONS

APSP/Ecuador exceeded the Congressional mandate for 40% participation by women with a total of 44% women over the life of the project.

VIII. EVALUATIONS AND AUDITS

The CLASP I evaluation contractor, Aguirre International, performed a process evaluation of the project in October and November, 1991, interviewing a total of 234 returned participants. Since 55 long-term participants were still in training at the time of the evaluation, an additional evaluation of these trainees' programs may be conducted in FY93 through a buy-in to the CLASP II evaluation contract. Because the EIL contract was extended and their independent financial compliance audit was not urgently required, it was decided to postpone the audit until closer to the new completion date of their contract, in November, 1992.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Despite assurances from AID/W that FM would send corrected expenditure records for the U.S. contractor during this reporting period, they have not yet been received. They are needed to reconcile discrepancies between Development

Associates' and the Mission's disbursement records.

2. It was discovered that OIT's system for tracking HBCU placements does not count HBCU training unless participants attend an HBCU during the fiscal year in which they begin training. As a result, 21.1 HBCU training months accomplished in FY 91 under APSP were not counted. The Mission will request that the HBCU Committee revise its system to count HBCU placement as months in training rather than "new starts".

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Follow-on: Two regional association meetings will be held for the Central Sierra and Southern Sierra associations, and technical association workshops will be conducted for FY91 Librarians, FY91 "Women in agriculture", FY91 Auxiliary Nurses, FY91 Microentrepreneurs, FY88 and FY90 Health Administrators, FY88 Watershed Managers and FY90 National Parks Managers. The National Coordinating Committee will meet twice and one "workbook" on ecology and two participant newsletters will be published. Two debriefings will be held for returned long-term participants from the University of New Mexico and other universities. (9/92, E.Castillo/JJCisneros, EIL and JStimson, GDO/EDI).

2. Errors in AID/Washington's and the Mission's disbursement records will be corrected. (6/92, JStimson, GDO/EDI, RCruz, CONT and AID/W/LAC/DR/EHR).

3. Steps will be taken to reprogram deobligated CLASP I funds for CLASP II. (9/92, JStimson, GDO/EDI, RCruz, CONT, and PMartinez, PPD).

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Ecuadorian Development Scholarship Program (CLASP II)
 Project Number: 518-0091
 Date of Authorization: original 05-02-91 last amendment N/A
 Date of Obligation: original 09-30-91 last amendment N/A
 PACD: original 09-30-96 amended to N/A
 Implementing Agencies: Experiment in International Living (EIL)
 AID Project Officer: Jennifer Stimson
 Status of CPS/Covenants: N/A
 Date of Last Evaluation: N/A Next evaluation: FY-93
 Date of Last Audit: N/A Next Audit: 12-30-92 (EIL)

FINANCIAL DATA

Amount Authorized: DA Grant: original \$6,600,000 last amend \$0,000,000
 Amount Obligated: DA Grant: original \$ 702,283 last amend \$0,000,000
 Current FY Oblig: Grant: \$0,000,000
 Amount Committed: Grant - Period: \$0,000,000
 Cumulative: \$ 702,283

Accrued Expenditures: Grant:
 Period - Projected: \$ 227,000
 Period - Actual: \$ 103,651
 Cumulative: \$ 103,651
 Period - Next: \$ 517,349

Counterpart Contribution:
 Planned: \$0,000,000
 Actual: \$0,000,000

% LOP Elapsed: 17%
 % of Total Auth. Oblig. (Grant) 11%
 % of Total Oblig. Exp. (Grant) 15%
 % of Total Auth. Exp. (Grant) 1.6%

II. MAJOR OUTPUTS:

	I PLANNED				ACCOMPLISHED				% OF LOP			
	PERIOD		NEXT		PERIOD		CUM					
	M	F	M	F	M	F	M	F				
Training (persons)	30	19	0	0	0	0	10	0	0	0	0	0
Long-term	117	79	0	0	0	0	19	29	0	0	0	0
Short-term												

III. PROJECT DESCRIPTION

The Ecuador Development Scholarship Program is part of the Caribbean and Latin American Scholarship Program II (CLASP II), the goals of which are to promote broad-based economic and social development and to encourage and strengthen a free enterprise economy and democratic pluralism in the Latin American and Caribbean region. EDSP will equip a broad base of Ecuadorian leaders and potential leaders

with technical skills, training, and academic education and an appreciation and

understanding of the workings of a free enterprise economy in a democratic society. EDSP is a follow-on to the Andean Peace Scholarship Program.

The program strategy provides for short and long-term US-based training for current and potential leaders. At least 70% of the participants shall be disadvantaged and 40% shall be women.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The Ecuador Development Scholarship Program contributes to the Democratic Initiatives Strategic Objective by equipping current and potential leaders with the leadership and technical/academic skills needed to sustain a democratic society and exposing them to the workings of a free enterprise economy in a democratic society.

Program output #3, leaders and potential leaders equipped with and applying new skills and knowledge, will be measured by two indicators: 1) proportion of participants reporting more involvement or effectiveness in community, professional

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and/or institutional activities, and 2) number of participants exposed to democratic activities and organizations in the U.S. Baseline data for the first indicator will be collected from application forms and interviews as participants are selected. No baseline data is available on the second indicator. Data on the first indicator will be collected through questionnaires and case studies (by EIL) and special surveys, focus groups and case studies (by the evaluation contractor). Data on the second indicator will be gathered through the project reporting system maintained by EIL. Data on program sub-output #3.1, increased technical and other training for selected target groups, will be gathered through the CIS, the computerized database used by CLASP.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The purpose of the Ecuador Development Scholarship Program is to equip a broad base of Ecuadorian leaders and potential leaders with technical skills, training and academic education and an appreciation and understanding of the workings of a free enterprise economy in a democratic society. EDSP will provide current or potential leaders with appropriate and relevant technical and academic training in priority developmental areas, as well as exposing them to the U.S., its citizens, values and cultures.

The EOPs are 245 scholarships of which 196 will be short-term (1 to 9 months, average 6 weeks) and 49 long-term (12 to 24 months). All training will take place in the United States or Puerto Rico and will include an "Experience America" cultural component. Follow-up activities will be conducted in order to increase the effectiveness of the training.

Based on recommendations formulated by the EDSP Advisory Committee, the implementation contractor has begun coordinating recruitment and program design for FY92 training and all long-term training for life of project.

Progress to date is good.

VI. PROGRESS DURING REPORTING PERIOD

1. The EDSP/CLASP II Advisory Committee was created in November, 1991 and met four times between December, 1991 and February, 1992 to evaluate proposals from the Mission's technical offices and formulate recommendations for FY92 and life of project training. The Committee also recommended several changes in the Project Paper, with reference to institutional commitments and the definition of elite.

2. Short-term training: EIL prepared the training request and initiated recruitment with FUNDAGRO for the FY92 "Women in Agriculture" group. Coordination of the two other short-term groups planned for FY92 (small non-traditional farmers association leaders and supervisors of health promoters) was also begun.

3. Long-term training: EIL worked with the Mission's technical offices and numerous public and private sector counterparts to clarify training needs and options and explore potential pools of candidates for all Masters programs for life of project. They also began designing the FY92 long-term technical program for agricultural high school teachers in conjunction with FUNDAGRO and Prometeo (the "Unidad Ejecutora de Educación para el Desarrollo" of the Ministry of Education).

4. EIL's U.S. Director and U.S. Project Administrator visited Quito in November, 1991 for a team planning meeting to start up CLASP II.

5. The CLASP II evaluation contractor visited Quito in February to assist in the development of a monitoring and evaluation plan for CLASP II.

6. An improved version of the Mission's definition of disadvantaged was developed during this period.

7. Meetings were held with the RTAC Coordinator to explore possible linkages between RTAC and CLASP.

8. EIL prepared the Life-of-Project Implementation Plan and Annual Work Plan.

VII. GENDER CONSIDERATIONS

By Congressional mandate, at least 40% of EDSP participants must be women. The project strategy has been developed to enable the Mission to achieve this target.

VIII. EVALUATIONS AND AUDITS

Mid-term and final evaluations have been budgeted for in the EIL contract. In addition to these formal evaluations, EIL is responsible for monitoring and debriefing participants, and conducting in-depth interviews and "case studies" with selected participants and their institutions. Annual audits will be conducted by an independent U.S. affiliated public accounting firm with experience in government accounting GAO standards for audit.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. The initial obligation to the CLASP implementation contractor will be sufficient to send three short-term groups and maintain project support through the end of September, 1992 but not to finance the 10 long-term technical participants planned for FY92. An additional obligation is required before September in order to keep the project operating with no interruption in the implementation schedule.

2. It was discovered that OIT's system for tracking HBCU placements does not count HBCU training unless participants attend an HBCU during the fiscal year in which they begin training. This system may fail to capture all of the HBCU training accomplished under the project. The Mission will request that the HBCU Committee revise its system to count HBCU placement as months in training rather than "new starts".

3. Actual expenditures are equivalent to only 45% of the amount projected for the period. This is due to the fact that EIL began to charge expenditures to the EDSP contract in January, 1992, instead of October, 1991 as anticipated.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Short-term training: Approximately 16 "women in agriculture", 16 small non-traditional farmer association leaders and 16 supervisors of health promotion programs will be selected and trained, and the "women in agriculture" group will be

debriefed. Predeparture orientation sessions will be conducted for each group. (9/92, JJCisneros/EIL and JStimson, GDO/EDI)

2. Long-term recruitment: Recruitment will begin for the long-term technical program for agricultural high school teachers and all long-term Masters programs for life of project. (5/92, JJCisneros, JStimson, GDO/EDI)

3. Long-term training: 10 agricultural high school teachers will begin a long-term technical program. (9/92, JJCisneros, JStimson, GDO/EDI)

4. English Language Training: 15 Masters candidates and 10 long-term technical participants will begin in-country English language training. (8/92, JJCisneros/EIL and JStimson/GDO/EDI)

5. An obligation will be made to incrementally fund the EIL contract. The amendment will also include corrections in the terms of their contract, which do not materially affect their Scope of Work, except for changes in key personnel for the U.S. Project Administrator and local follow-up coordinator positions. (5/92, JStimson/GDO/EDI)

6. The CLASP II Project Paper will be amended to change the requirements for institutional commitment and the definitions of disadvantaged and elite. (9/92, JStimson, GDO/EDI)

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A -X B ___ C ___

I. BACKGROUND DATA

Project Title: Regional Technical Aid Center II (RTAC II)
 Project Number: 518-0095
 Date of Authorization: original 04-22-91 last amendment N/A
 Date of Obligation: original 08-29-91 last amendment N/A
 PACD: original 09-24-96 amended to 00-00-00
 Implementing Agencies: Corporación para el Desarrollo de la Educación Universitaria (CODEU)
 Major Contractors: Aguirre International
 AID Project Officer: Susana Winter
 Status of CPs/Covenants:

 Date of Last Evaluation: N/A Next evaluation: 10-93
 Date of Last Audit: N/A Next Audit: 12-92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,055,100* last amend \$0,000,000
 Amount Obligated: DA Grant: original \$ 239,423 last amend \$ 537,423
 Current FY Oblig: Grant: \$ 298,000
 Loan: \$0,000,000
 Amount Committed: Grant - Period: \$ 298,000
 Cumulative: \$ 537,423

 Accrued Expenditures: Grant:
 Period - Projected: \$ 183,500
 Period - Actual: \$ 28,639**
 Cumulative: \$ 144,514
 Period - Next: \$ 257,500

 Counterpart
 Contribution: Planned: \$ 20,322
 Actual: \$ 10,758 (S/1390=US\$1)

 % LOP Elapsed: 17%
 % of Total Auth. Oblig. (Grant) 51%
 % of Total Oblig. Exp. (Grant) 27%
 % of Total Auth. Exp. (Grant) 14%

* USAID/E buys-in to the regional project. Data provided here refer only to USAID/E funds.

**Estimated expenditures are on target, but AOCs are behind which causes discrepancies in projected and actual expenditures.

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
1. Books ordered	400,000	25,000	25,000	45,000	61,172	61,172	15%
2. Books sold	400,000	30,000	30,000	40,000	6,949	6,949*	0.1%

* Please refer to section VI.

III. PROJECT DESCRIPTION

The Regional Technical Aid Center II (RTAC-II) project was created to contribute to educational development in Central and Latin American countries, through the increased availability of high quality, U.S. published texts in Spanish at affordable prices to university and technical school students, libraries, and professionals. The project has two major components: a) The textbook program, in which university professors select titles to be adopted as required textbooks for their courses based on information provided in the RTAC II catalog which contains approximately 3,000 titles in 20 major technical and scientific fields. Publishers from the countries that participate in the project activities will provide textbooks to RTAC II. b) The pamphlet component consists of the production and

distribution of pamphlets and booklets to host government technicians and USAID projects who will use them in their outreach or extension work or for AID-sponsored or other community projects.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

An essential element of the functioning of democracy in any nation is an educated population. A fundamental weakness in educational institutions in RTAC II countries is the serious lack of textbooks. Available textbooks were often out of date, of poor quality, and of leftist content. The implementation of RTAC II in Ecuador will strengthen the university and educational systems in a variety of ways which reinforce democratic concepts:

- Professors and students have access to a very wide range of books in their disciplines, and books can be purchased at reasonable prices; thus contributing to a rise in the academic level and enabling them to have up-to-date information available since books can be changed periodically as new editions appear.
- A wide range of choice in books is available. Students are no longer forced to buy teacher's notes or pirated books. They increasingly are able to question their professors and form their own opinions based on a variety of sources. Democratic values are transmitted through books. Even in a field such as Business Administration, books evoke ideas based on democracy and freedom of choice.
- Through this program we strengthen private enterprise by developing a market based on "volume" and free competition. The participation of private bookstores in marketing RTAC textbooks will definitely fulfill this objective and strengthen the book sector in Ecuador.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The main purpose of the project is to cover an, until now, unsatisfied demand for university textbooks in a wide variety of technical, scientific, social and political areas, by providing updated, good quality and reasonably priced textbooks, accessible to students and non students. The EOPS indicators include: a) number of textbooks sold through private and university bookstores; and b) amount of money in the reflow fund mechanism to permit continuous purchase of textbooks after the project PACD.

The second adoption season of textbooks was carried out in the universities of the Coast participating in this program. CODEU signed several agreements with University and private bookstores for the sale of textbooks. The National Coordinator and the Distribution Center Manager received training in Mexico and Costa Rica on Project Management. Progress towards achievement of the project purpose was good, although not as expected due to a delay in the arrival of textbooks of the first shipment.

VI. PROGRESS DURING REPORTING PERIOD

- Further to what we mentioned in our previous report, the Government of Ecuador declared the RTAC II project as of National Priority, granting total tax exemption

to all its shipments during the life of project.

- Pursuing our task of promoting this new program among universities and private bookstores, we have signed agreements with 27 bookstores in Quito, Guayaquil, and Cuenca. The majority of these bookstores entered into the program attracted by the idea of having a variety of titles. However, they do not have sufficient capital to comply with the regulations of RTAC II. Thus, we had to give them much more flexible conditions for the purchase of books. A major achievement was an agreement with the biggest "papelería" in the country, to dedicate a special selling space for RTAC II textbooks in its three stores, replicating what is being done with great success in Costa Rica.

- During the reporting period, the first adoption season took place and the initial order for 61,172 textbooks was received. However, due to unforeseen circumstances, the sea shipment was delayed. As a result the books were not available for sale in the Sierra until November 27, 1991, approximately two months after the beginning of classes. Nevertheless, 6,949 books were sold during this period, equivalent to 11% of the inventory, for an amount of \$7,93,000,000. Money from these sales deposited in the reflow account amounts to US\$51,000.

- In Ecuador we have two marked selling seasons when classes begin in the Sierra and in the Coast. Thus, the program established two adoption seasons as follows:
a) Sierra: Adoption period from April 1 to May 15; arrival of books in country - third week of August.
b) Coast: Adoption period from October 1 to November 30; arrival of books in country - third week of March.

During this period we carried out the second adoption season in the universities of the Coast, placing our order for 26,217 textbooks for US\$210,674. Books expected to arrive in country by mid-April.

- An important point is the initiative of CODEU to establish two Bibliographic Orientation Centers for University Professors in Quito and Guayaquil, which are functioning at the Universidad Tecnológica Equinoccial and Universidad Laica Vicente Rocafuerte. These centers, which contain approximately 3,000 titles each from the RTAC II catalog, provide general information about the program and enable professors to consult textbooks at their leisure. It is also the intention to promote through these Centers cultural events such as lectures, seminars, symposiums with the authors of textbooks and special guests addressed to university teachers and students.

- As part of the training program planned by RTAC II Mexico for Ecuador, the Manager of CODEU and the USAID National Coordinator traveled to Mexico and Costa Rica.

- VALINMER, the contractor which is carrying out the Ecuador Data Base Information Survey informed us that the study has been completed and its final report will be ready by April 30.

- In order to be better prepared to serve the universities in the Coast, the Project is in the process of restructuring the office in Guayaquil. To this effect, a new promoter we will hire; the promotion office will move to the campus

of the Universidad Laica Vicente Rocafuerte; a warehouse will be established on the same premises. CODEU's office in Quito will be restructured.

- Regarding the pamphlet component of the project, we requested the Health Division to promote the cholera pamphlet among the institutions involved in the Comité Nacional del Cólera, and we are waiting for their decision.

VII. GENDER CONSIDERATIONS

The RTAC II project serves both genders equally because both have equal access to the purchase of books.

VIII. EVALUATIONS AND AUDITS

The first in a series of yearly internal audits will be held in December/92. Mid-term and final evaluation will also be conducted when appropriate.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

- The major problem reported in the last SAR - the reluctance of bookstores to enter into the program - has been solved by granting flexible conditions on the sale of textbooks, and giving a positive image of this program in a "door-to door" promotion carried out by CODEU during this reporting period.

- However, we have encountered another problem created by the unfair competition of one of the major publishers through its promoter in Ecuador. We found that this promoter is selling RTAC II titles outside of the program at the same prices provided by us under the agreements signed with bookstores. This has been reported both to RTAC II Mexico and to the General Manager for Latin America of the publishing company, with no reply thus far.

- Another major problem which we have faced during this reporting period is the MIS (Management Information System). The reports generated by the MIS have several inconsistencies and errors. These continuous problems have been reported to Mexico and although temporary solutions have been provided, we do not anticipate having a completely reliable system in place until the new version of the MIS comes into operation (hopefully by the end of 1992).

- During this period a need has been identified to restructure CODEU both in Quito and Guayaquil. Therefore, the Grant budget for CODEU will be reprogrammed and a six-month no cost extension will be requested.

- The project will be in need of additional funding to place the third order. Money expected from sales until June/92 will not be sufficient for this order. There is a good possibility that some ESF funds could be assigned to RTAC and we will look into this matter.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Second shipment arriving in country and textbooks available for sale. (End of April - SWinter/EBatallas).
2. National Conference of Academic Directors of Universities and Polytechnics to take place in Quito sponsored by CONUEP and CODEU. Theme: "El Texto Universitario en el Ecuador". (April - EBatallas)
3. Third adoption season (Sierra), arrival of books in country and textbooks available to students. (April 1 to August 30 - SWinter/EBatallas).
4. Reprogramming of CODEU's budget and request of six-month no-cost extension to Grant. (June - EBatallas/SWinter).
5. Seek additional funding sources for the purchase of textbooks (ESF?). (SWinter/EBatallas)
6. Establish a good working relation with "El Comercio" to promote the Project through special publications dealing with Education. (SWinter).

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Electoral Education and Civil Training (ELECT)
 Project Number: 518-0109
 Date of Authorization: original 09-30-91 last amendment N/A
 Date of Obligation: original 09-30-91 last amendment 02/28/92
 PACD: original 07-31-92 amend to N/A
 Implementing Agencies: Centro de Asesoría y Promoción Electoral (CAPEL)
 Major Contractors: N/A
 AID Project Officer: Ellen Leddy
 Status of CPs/Covenants: N/A

 Date of Last Evaluation: N/A Next evaluation: 07/31/92²⁻
 Date of Last Audit: N/A Next Audit: 07/31/92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,000,000
 Amount Obligated: DA Grant: original \$ 440,000 Last Amend. \$1,000.000
 Amount Committed: Grant - Period: \$ 560,000
 Cumulative: \$1,000,000

 Current FY Oblig.: Grant: \$ 560,000

 Accrued Expenditures: Grant:
 Period - Projected: \$ 500,000
 Period - Actual: \$ 233,666
 Cumulative: \$ 233,666
 Period - Next: \$ 500,000

 Counterpart
 Contribution: Planned: \$ 250,000
 Actual: \$ 53,122

 % LOP Elapsed: 60%
 % of Total Auth. Oblig. (Grant) 100%
 % of Total Oblig. Exp. (Grant) 24%
 % of Total Auth. Exp. (Grant) 24%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
1. Percentage of correctly marked ballots	56%	0	0	56%	0	0	0
2. Training (persons)*	0	0	0	0	0	0	0
Long Term							
Short Term	84,810	682	682	84,128	631	631	.7

* Gender disaggregated information will be provided at the end of the project.

III. PROJECT DESCRIPTION

The ELECT Project consists of three components: (1) the Civic Education Campaign component which is aimed at motivating citizens to actively participate in the May 1992 elections; (2) the Training component which is aimed at providing poll workers with the knowledge and skills necessary to appropriately interpret and apply Ecuadorian voting procedure and to correctly resolve any problems which arise

during the voting process; and (3) the Elections Observation component which consists of observation of the May vote by a team of 12 international observers.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

A number of institutions exist in Ecuador whose activities are crucial to promoting and sustaining a democratic society. However, a limited understanding exists on the part of the general citizenry as to their role and responsibilities in the basic processes crucial to promoting and sustaining democracy, such as the electoral process. The ELECT project directly supports USAID/Ecuador Strategic Objective No.4, improved responsiveness of selected democratic institutions with greater citizen participation by informing Ecuador's citizenry of the importance of their active participation, in electing leaders who represent their interests and training poll workers in voting procedure which will provide important institutional development.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The project purpose is to strengthen Ecuador's democratic institutions through more active, transparent and responsible citizen participation in the electoral process.

The key indicators are: (1) the degree of public confidence in 1992 Presidential and congressional elections as measured by public opinion polls; and (2) the percentage of individual ballots correctly marked in the 1992 elections.

Progress to date has been very good. During the reporting period, baseline data has been collected, training material designed and the media campaign designed. The President of the counterpart organization, the Supreme Electoral Tribunal (TSE), has stated that he is pleased with the progress of the project and with the implementing agency.

VI. PROGRESS DURING REPORTING PERIOD

All major actions planned for the period, with the exception of the start of the media campaign, have been accomplished.

Course materials have been designed and six hundred thirty one people, primarily supervisors, have received training. This number is slightly less than that planned for the period. Some training courses, planned for the week of Carnival, were rescheduled to assure maximum attendance. The planned training course for delegates from the political parties was canceled because the parties did not select any participants. In addition, the total number of trainees (not including political party delegates) has been revised downward, slightly.

An in-depth survey of public perception of the government, the voting process and the (TSE) Tribunal Supremo Electoral (baseline data which also serves as the basis of the media campaign design) was taken and analyzed in February/March. The results of the survey contributed to the media campaign design. The campaign will start in late April/early May, close to the first round of voting, in order to have the greatest impact possible on the voters.

The Mission has requested that CAPEL present a proposal for extending the project from July to the end of September. The extension will permit an evaluation of the effectiveness of the training component as well as observation of the final round of voting.

VII. GENDER CONSIDERATIONS

The project benefits all Ecuadorians of voting age equally.

VII. EVALUATIONS AND AUDITS

CAPEL submits monthly reports detailing activities to date. In addition, progress briefings are held with all consultants visiting Ecuador under the aegis of the project. A final evaluation and audit are currently planned for July, 1992. This will change to October, 1992 if extension of project is approved.

IX. ISSUES, PROBLEMS AND CORRECTIVE ACTIONS

Less than two weeks before the start of the training program for some 84,000 poll workers, the Tribunal Supremo Electoral decided to revise parts of the electoral "actas", the procedural documents upon which the training programs are based. As the "acta" is supplied as part of the training materials, the change requires that

the affected sections be removed from the training materials and the revised sections be inserted. This may delay the start of the final phase of training. In addition, those persons who have already received training will have to be advised of any changes which will affect their duties.

The final training phase requires that instructors travel to selected counties and wards throughout the country. However, torrential rains in many parts of the country have made travel to affected areas difficult. If the rains continue, alternate routes will have to be devised for the instructors.

The lack of interest in participating in a training program on the part of the political parties is disappointing and suggests that the parties do not understand their role in the process. This issue should be addressed in any follow-on project

Expenditures for the reporting period are running some 26% behind schedule. Expenditures for the training component are on schedule, however expenditures for the civic education component are slightly behind schedule. The single largest expenditures under that component, the media campaign (approximately \$300,000), was postponed from March until April pending selection of an Ecuadorian advertising firm to run the campaign. The project does not anticipate any difficulty in meeting its projected expenditures for the next reporting period.

X. MAJOR ACTION PLANNED FOR THE NEXT SEMESTER

1. Start of Media Campaign (CAPEL/Leddy 4/92)
2. Completion of training (CAPEL/Leddy 5/92)
3. Extension of project to 9/30/92 (CAPEL/RCO/Rivadeneira 6/92)
4. Evaluation of project and receipt of final report (CAPEL/Leddy/9/92).

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A X B ___ C ___

I. BACKGROUND DATA

Project Title: LAC Training Initiatives II
 Project Number: 598-0640.11
 Date of Authorization: original 04-18-85 last amendment 02-18-87
 Date of Obligation: original 10-01-84 last amendment 09-28-89
 PACD: original 09-30-94 amended to 12-31-92*
 Implementing Agencies: There are 12 different implementing agencies
 Major Contractors: N/A
 AID Project Officer: Catalina León
 Status of CPs/Covenants: N/A

 Date of Last Evaluation: N/A Next evaluation: N/A**
 Date of Last Audit: 07-30-89 Next Audit: April 6-16/92

* PACD for the Ecuador buy into the regional project
 ** Since this is a Regional Project, the evaluation will be carried out by the LAC Bureau at the end of the Project (September 1994)

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 450,000 last amend \$1,450,000
 Amount Obligated: DA Grant: original \$ 50,000 last amend \$1,443,423
 Current FY Oblig: Grant: \$0,000,000
 Loan: \$0,000,000
 Amount Committed: Cumulative: \$1,420,985

 Accrued Expenditures: Grant:
 Period - Projected: \$ 16,926
 Period - Actual: \$ 17,291
 Cumulative: \$1,367,564
 Period - Next: \$ 8,585

Counterpart
 Contribution: Planned: \$ 215,000
 Actual: \$ 304,633.36
 % LOP Elapsed: 90%
 % of Total Auth. Oblig. (Grant) 99%
 % of Total Oblig. Exp. (Grant) 95%
 % of Total Auth. Exp. (Grant) 94%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED				% OF LOP
	PERIOD		NEXT PERIOD		PERIOD		CUM		
	M	F	M	F	M	F	M	F	
2. Training (persons)									
Long term	21	0 0	0 0	0 0	0 3	14 14			134%
Short term	104	0 0	0 0	0 0	0 0	123 29			146%

*Note: Targets for female and male participation under the LAC Training Initiatives were not determined in counterpart agreements, except in the case of the only on-going activity with the Fulbright/AID Cooperative Agreement. The level of training as well as the number of scholarships to be implemented under each sub-activity were specified in each institutional agreement.

III. PROJECT DESCRIPTION

This project is designed to provide training for Ecuadorians in order to promote the transfer of knowledge and skills as a necessary element in the process of development, and also to afford a unique opportunity for participants to be exposed to democratic processes in the United States. Special attention is directed toward the training of disadvantaged segments of the population.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The Latin American and Caribbean Training Initiatives II Project (LAC TI II) supports the Democratic Initiative Strategic Objective by strengthening the capacity of Ecuadorian institutions and organizations, both private and public to plan, design, and carry out policies and specific project level activities which support Ecuador's efforts in the area of sustained social and economic development needed for the progressive, balanced and pluralistic development of Ecuador.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The purpose of the project is to provide training to participants from private and public institutions. The EOPS: 125 participants were planned under the project for fiscal years 85, 86 and 87 (21 academic long-term and 104 technical short-term). Fields of training included agriculture, fruit culture and entomology. With the addition of minimal FY-87 resources, a few new fields of training were opened, including liberal arts.

To date, a total of 151 short-term and 1 long-term technical courses have been completed, and 28 long-term academic training grants have been implemented. Training fields have included journalism, educational administration, computerized information systems, dairy cattle, agriculture, scientific environmental issues, educational technologies, international trade, human resource management and project design/management, housing administration, agribusiness management, marketing, engineering administration, project design/management, ecology, childhood education, environmental science and business administration.

Progress is very good. The project is exceeding its goals.

<u>Status</u>	<u>Targets</u>	<u>Completed</u>	<u>In progress</u>
1. Short-term technical courses	104	150	-
2. Long-term academic program	21	25	3
3. Long-term technical courses	0	1	-

VI. PROGRESS DURING REPORTING PERIOD

On December 27, 1991, AID approved Ecuadorian Grantee Susana Guerra for a five-month practical training extension as a Bilingual Assistant to a 7th grade mathematics teacher at the Harry Truman Middle School. She is scheduled to return to Ecuador on June 1, 1992.

Under the AID/Fulbright Cooperative Agreement the Mission co-sponsored the participation of Mr. Jesús Játiva from Escuela Politécnica Nacional to attend the "Winter Meeting of the Institute of Electrical and Electronic Engineering" workshop in New York from January 26-30, 1992.

The audit contract with Romero y Asociados was signed on November 25, 1991.

In order to determine the amount of funds remaining under the Agreement, the PIO/P-estimated budgets for previously completed short and long term scholarships are being adjusted to reflect real training costs. This is a continuous action that will go beyond the termination of the last three long-term scholarships. Any excess funds will be used to co-finance short-term training activities in conjunction with other donor organizations in order to allow more groups to be trained.

VII. GENDER CONSIDERATIONS

Targets for female participation were not specified in the counterpart agreements under this project, except in the case of the AID/Fulbright Cooperative Agreement. That agreement established a global target of 32%, and under the Fulbright Agreement, women's participation has been 18% short-term and 59% long-term.

VIII. EVALUATIONS AND AUDITS

The implementation of the planned audit will take place on April 6-16.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

The Controller's Office intervened with Fulbright Commission so that immediate action could be taken to contract the AID-required audit. As a result of this, the Fulbright Commission signed the audit contract with Romero y Asociados on November 25, 1991.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

Once the final report is received by the Mission from Romero & Asociados, the auditors, the Fulbright Commission will be requested to submit a chronogram table showing when recommendations made by the auditors will be implemented.

SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE No. 5
"Stem loss of biodiversity and accelerate a transition from resource mining to resource management in and around selected protected areas"
Second Semester, FY 1991

1. Assessment of Overall Performance of Strategic Objective's Portfolio

Excellent progress was made during the reporting period in the refinement of SO 5. The last SAR read, "Sustainable use of biological resources in selected areas." This has been changed substantially for various reasons. The terms "sustainable", "conservation", and "preservation" are loaded with meanings of different significance to different groups concerned about the environment. The Mission considered several options before deciding on stemming biodiversity loss as the central goal of the SO. The criteria for revising the SO were: 1) close relationship to the LAC Bureau Sub-Objective statement; 2) clarity of wording, i.e. avoiding ambiguity; 3) accurate representation of Mission program aims and project activity; and, 4) verifiable statement of the environmental changes sought.

SUBIR started project implementation with the establishment of office operations and hiring of key personnel. The project completed the diagnostic survey and the data have been included in the project's M&E Plan. The Consortium submitted their 1992 Workplan which was not approved by the Mission. The workplan is currently being revised to meet USAID's requirements.

The EDUNAT III project completed an in-depth project evaluation by a three person team who spent considerable time in the field assessing its activities. The evaluation team did not identify major problems and provided recommendations for future interventions. One highlight from the evaluation is the positive impact EDUNAT III has had on urban pollution. The Quito Municipality passed ordinances requiring that all the industries prepare plans for pollution control, and subsequently, the Chamber of Industries requested the Mission to assist them in providing technical assistance so the Chamber could develop a plan of action to meet the regulations.

The Charles Darwin Field Station has made contacts with and visited the USDA Plant Quarantine office in Miami and Hawaii. Project implementation appears to be on course and no problems are anticipated.

2. Strategic Objective Indicators and Progress

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

Indicators: (a) change in abundance and distribution of species indicating diversity; (b) change in land cover in and around selected protected areas; (c) percent of land area under non-destructive management in and around selected communities.

Output 1: Establish mechanisms which generate income and employment from non-destructive use of resources in selected communities.

Indicators: (a) percent of persons disaggregated by gender and ethnicity (DGE) with income from tourism; (b) percent of persons DGE with income from non-destructive resource use.

Output 2: Strengthen local community, governmental and non-governmental organizations' ability to plan/administer programs and monitor resource status.

Indicators: (a) number of participating local organizations and the effectiveness of their stewardship over resources; (b) change in number of local residents DGE participating in activities of local organizations; (c) change in area under active encroachment.

Output 3: Develop, test, and promote technologies in selected communities which improve ability of individuals and enterprises to manage resources.

Indicators: (a) progress in R&D program; (b) number of new or existing technologies identified, adapted and promoted; (c) change in number of persons DGE in selected communities using resource management technologies.

Output 4: Improve policies governing resource use in and around protected areas.

Indicator: (a) progress in formulating, adopting, and implementing sets of policies governing: forests, oil industry, property rights, protected areas, private sector.

3. Sector Developments and Issues Relating to the Strategic Objective

Outstanding progress was made in revising SO 5 and developing the monitoring indicators. Since this SO was completed towards the end of the reporting period, there is nothing to report in this section regarding sector developments.

1. Should SO 5 be dependent only on SUBIR activities or should the Mission include other projects such as Coastal Resources Management, and Parks in Peril?

2. Would Mission management be willing to assist SO team leaders in assuring that SO team members visit field activities? Every time I invite team members, they cannot leave their offices due to a variety of reasons. If the team concept is going to have the desired impact, SO team members must observe first-hand the field activities to acquire a better understanding.

4. Policy Dialogue Agenda Related to the Strategic Objective

Policy dialogue continues to be an important element of our strategic objective. The Mission is about to bring to closure its assessment of the policy constraints impeding effective stewardship of natural resources, and will actively promote the findings in policy dialogue activities with both the public and private sectors. We intend to work with the incoming national government on reforms that the policy assessment suggests are essential for environmentally sound economic development in Ecuador. The Mission through close collaboration with IDEA, Fundación Natura, Ecociencia, IUCN, SUBIR, and other environmental NGOs, has developed a specific program of policy analysis and dialogue. The program's geographic focus is similar to the selected areas of high biological diversity in which the Mission wants to encourage a "transition from resource mining to resources management." It is estimated that this program will be completed by September 1993.

The program proposes to work in the following areas:

1. To put in place the institutional regime needed to contain oil industry pollution in eastern Ecuador;
2. To facilitate Fundación Natura's initiative to establish a semi-autonomous parks institute in the country;
3. To promote policy changes needed if reforestation of partially and fully abandoned deforested land in northwestern and eastern Ecuador is to occur; and,
4. To develop a model for privatizing government-owned resources in ways that will encourage their wise use and management.

In order for this program to achieve its fullest impact, the SUBIR policy component needs to be designed to complement these national activities at the field level. For example, regarding oil pollution, SUBIR interventions should undertake environmental monitoring to determine if the oil industry is complying with environmental regulations. SUBIR, IDEA, Natura, and ANRO are working closely to assist SUBIR in developing their policy-related interventions to assure integration and coordination of each institution's policy dialogue activities.

5. Highlights of the Major Events, Accomplishments, and Actions During the Next Six Months

- a. Enter into a Cooperative Agreement with IDEA to conduct the policy analysis and dialogue program.
- b. Examine and revise (if necessary) the reporting systems of CRM, EDUNAT III, and Charles Darwin, to ensure that information is available to assist in attainment of SO 5.

- c. Finalize M&E plan for SO 5 and field test collection of data.
 - d. Have each member of the Mission's Strategic Objective No. 5 visit at least one project in the natural resources portfolio.
 - e. Continue discussions with Petroecuador and U.S. oil companies regarding environmentally sound oil explorations.
- #### 6. Review of Previous SAR's "Actions to be taken Over the Next Six Months"
1. Examination of the reporting systems for EDUNAT III, CRM, and Charles Darwin did not get completed. This will be undertaken in the next reporting period.
 2. The SUBIR diagnostic phase was completed and the first year workplan was submitted. See SUBIR SAR for follow-up actions.
 3. Trying to get members of the SO 5 team to visit project sites is discouraging.
 4. Discussions with Petroecuador and U.S. oil companies is on-going.

PROJECT STATUS REPORT
October 1, 1991 - March 30, 1992

A X B ___ C ___

I. BACKGROUND DATA

Project Title:	Environmental Education (EDUNAT III)		
Project Number:	518-0079		
Date of Authorization:	original 07-22-88		
Date of Obligation:	original 07-22-88		
PACD:	original 07-21-93		
Implementing Agencies:	Fundación Natura		
Major Contractors:	None		
AID Project Manager:	Fausto Maldonado		
Assistant Project Officer:	Amparo Salgado		
Status of CPs/Covenants:	N/A		
Date of Last Evaluation:	03-27-92	Next evaluation:	00-00-00
Date of Last Audit:	12-31-91	Next Audit:	00-00-00

FINANCIAL DATA

Amount Authorized:	DA Grant: original	\$1,100,000
Amount Obligated:	DA Grant: original	\$1,100,000
Amount Committed:	Grant - Period:	\$ 0
	Cumulative:	\$1,100,000
Accrued Expenditures:	Grant:	
	Period - Projected:	\$ 170,000
	Period - Actual:	\$ 176,100
	Cumulative:	\$ 871,471
	Period - Next:	\$ 60,000
Counterpart Contribution:	Planned:	\$1,227,400
	Actual:	\$1,150,000
% LOP Elapsed:		
% of Total Auth. Oblig. (Grant)		73%
% of Total Oblig. Exp. (Grant)		79%
% of Total Auth. Exp. (Grant)		79%

II. MAJOR OUTPUTS:

As an OPG, this project was not planned with a logframe and no verifiable quantitative indicators were established. Some of the components include quantifiable activities, although their implementation level may vary from one semester to another.

III. PROJECT DESCRIPTION

The EDUNAT III project builds upon activities initiated under the EDUNAT I and II Projects and seeks to institutionalize those activities within Ecuadorian public and private sector organizations.

With EDUNAT III, Fundación Natura has planned to support activities under five components or "strategies" to achieve the following:

1. An increased public awareness of the environment by developing and implementing a program to educate, sensitize, and motivate Ecuadorians on environmental matters.

2. Development and implementation of a technical information and assessment system for technologies related to environmental protection and conservation for public and private industries.
3. An expanded environmental education program by developing a mechanism for strengthening and expanding environmental education in both the formal and informal educational system.
4. The involvement of private and public community development organizations in environmental conservation and protection by developing and implementing training in both rural and urban areas.
5. The establishment of a scientific and technical information system for environmental and natural resources matters within Fundación Natura by developing and maintaining a system for collecting, processing and disseminating scientific and technical information.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The EDUNAT III project is contributing to Strategic Objective No. 5: "Stem loss of biodiversity and accelerate a transition from resource mining to resource management in and around selected areas." Since it is promoting activities that deal with improved management of natural resources through dissemination of information, and working with formal and non-formal education systems, and conducting specific activities such as high school ecology clubs, and training of school teachers.

This project supports three of the four strategic objective program outputs: policy dialogue, increased awareness of conserving natural resources, and management of protected areas.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The purpose is to expand and strengthen environmental awareness among the Ecuadorian public in such a manner that will motivate the public to take actions to protect and conserve the environment and natural resources.

Project implementation has not faced major problems. Several publications, TV spots and radio programs were produced or issued during the reporting period.

Once more, politics in the Congress has prevented the discussion and passing of the environmental law. This has been compounded by the conflicts between the Congress and the Executive power, making it impossible for the law to be passed, at least under this government. However, EDUNAT III will continue promoting the law among the potential elected congressmen.

After the publication of the book on "Potential Environmental Problems of Industries in Ecuador", this project component has acquired momentum and EDUNAT is working on the on-site industrial pollution assessments. Not necessarily a consequence of project intervention, but the Quito Municipality has just passed an ordinance which requires all industries in Quito to be registered and to prepare a plan to solve pollution problems caused by them. The Pichincha Industrialists Chamber has requested USAID Assistance to comply with the ordinance. They have been informed about EDUNAT III and will try to work together.

The strategy dealing with environmental matters and community development is completed and has achieved what was planned. However much remains to be done although not necessarily as part of EDUNAT III. The project will try to continue contacts with the Ecuadorian Municipalities Association, provided funding is available.

One of the Ministry of Education Officials working for EDUNAT III has returned to the Ministry, however it is expected that through him, environmental education will be institutionalized as a specialized department in MEC.

An activity that has decreased is under strategy 5: the technical information system. As recommended after the evaluation it is expected that this activity

will be incorporated as a core function of Fundación Natura and it will be funded from other projects too.

VI. PROGRESS DURING REPORTING PERIOD

1. The report on Potential Impacts of Industries in Ecuador was published and presented in a public forum in November 1991. The book has attracted the attention of industrialists who are looking for ways to improve their solid waste disposal methods.
2. Press releases and information dissemination through other media have continued as planned. An analysis of the trends in newspaper publications has shown that all releases from EDUNAT III are published within one week.
3. A Manual of Activities for High School Ecology Clubs was published.
4. On-site industrial pollution assessments were performed, as planned, for cement, plywood and basic chemicals' industries.
5. According to the global goals of EDUNAT III, Strategy 4: working with community development organizations, has been completed. Although it is considered that a lot remains to be done, this strategy will not continue in the future, unless additional funding is obtained from another donor.
6. Activities under Strategy 5: establishing a technical information system are being reduced and converted into a core function of Fundación Natura.

VII. GENDER CONSIDERATIONS

Previous reports have highlighted the important contribution of women to the project and the leadership provided by women to environmental NGO's in general and in particular to Fundación Natura.

During the reporting period the policy to encourage women's participation has continued and increased. The pre-school teachers activities were reduced as compared to the previous period; however training programs in five provinces were accomplished for kindergarten teachers, all women.

During the evaluation work, and through the field visits, both the team members and the project officer had the opportunity to meet some of the EDUNAT III GOE counterparts (Ministry of Education and Ministry of Health) who are mostly women.

VIII. EVALUATIONS AND AUDITS

1. Fundación Natura contracted an audit and the final report was published and reported to USAID. No major recommendations or findings are included therein.
2. The mid-term evaluation was performed by a TR&D team in March. A preliminary presentation of findings was made at the USAID office and in general the evaluation team had positive comments for EDUNAT III and its

development. A recommendation for further assistance in some of the project components was suggested. The final report will be submitted for the next reporting period.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. The high costs of the evaluation have forced a reduction in some other line items' budgets and consequently in some activities.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Implement recommendations of the Evaluation (Marco Encalada, June, 1992)
2. Dissemination of 30 radio programs through about 100 stations all over the country (Marco Encalada, September, 1992)
3. Publication of reading materials on Organic Agriculture and Family and the Environment (Marco Encalada, September, 1992)
4. On-site pollution assessment of the oil industry (Marco Encalada, September, 1992)
5. Advisory work and supervision of environmental profiling in 9 provinces of Ecuador; activities with the high school ecological clubs (Marco Encalada, Ongoing).

2. Training (persons)		<u>M</u>	<u>F</u>								
b. Members of Ecuador's armed forces trained in environmental sciences	800	0	0	0	0	0	0	0	0	0	0
c. Reserve guards & community extension agents trained	100	0	0	0	0	0	0	0	0	0	0
d. Participants receiving training in land use technologies	9000	0	0	0	0	0	0	0	0	0	0
e. Community workshops on seminars held in each of the six areas	30	0	0	0	0	0	0	0	0	0	0

This section will be revised over the next reporting period to reflect the analyses from the diagnostic phase and preparation of the Phase I Strategic Plan, as well as to include the M&E progress indicators.

III. PROJECT DESCRIPTION

The goal of the project is the conservation and management of Ecuador's renewable natural resources for sustained economic development. Its purpose is to identify, test, and develop economically, ecologically, and socially sustainable resource management models in selected conservation units and their buffer zones in order to preserve biodiversity and improve the economic well-being of local communities through their participation in the management of renewable natural resources.

This project is organized under five major components: organizational development, natural areas management, ecotourism development, improved use of land and biological resources in buffer zones, and research and monitoring. Each component can be summarized as follows:

Organizational Development

The key to satisfying this objective is the strengthening of rural communities and private, public and non-government organizations, so they can implement natural resources conservation activities. Local people will participate in the design, implementation, and monitoring of project activities. Community leaders will receive training in organizational development and will become trainers and extension agents for their communities. Training activities and technology transfer to beneficiaries will be provided by Ecuadorian NGO'S and other agencies working in collaboration with SUBIR.

Protected Areas Management

This component consists of developing management plans for each of the three parks during the pilot phase. The plans include: park demarcation, training of personnel, developing park infrastructure for ecotourism, establishing a community-based environmental monitoring network, and working with park guards to enforce legal mandates in protected areas.

Ecotourism Development

The goal of this component is to develop the potential of each park/reserve as an ecotourism market. This will involve evaluating the ecotourism potential of each site. Ecotourism interpretative centers will be constructed. Guides will be trained and literature, such as promotional brochures, trail guides, etc., will be developed. The project will work closely with the private tour operators.

Improved Use of Land and Biological Resources in the Buffer Zones

This component is based on the premise that by improving/maintaining the productivity and sustainability of resource use systems surrounding protected areas, pressure to convert wildlands within and near the protected areas to agricultural activities will be reduced as resource users are offered more sustainable and economical land use systems. Community forest management, agroforestry, improvement of agricultural practices, and pilot projects in sustainable land use will be activities under this component.

Research and Monitoring

This program will generate information that will assist in the attainment of project objectives. The proposed strategy is to develop models that demonstrate the economic value of conservation of natural resources activities. This will include conducting baseline studies and monitoring research activities. As the project proceeds, greater responsibility for research design and implementation will be assumed by Ecuadorian institutions. This component will include: ethnobotanical research to identify economically valuable plant species, applied research to improve and diversify agricultural production, introduction or improvement of forestry practices in buffer zones, and socio-economic research to analyze land tenure and land use conflicts.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

This project is the flagship project for Strategic Objective No. 5, to "stem the loss of biodiversity by accelerating a transition from resource mining to resource management in and around selected protected areas." Because SO 5 rests almost exclusively on the SUBIR Project, all data for the indicators of the SO 5 tree will come from SUBIR (except measures related to national policy formulation). Both the project and SO 5 assume that change in land use practices will slow the loss of biodiversity. Further, the project assumes that (1) it can develop economically attractive and socio-culturally acceptable models, (2) residents will adopt non-destructive land use practices that are economically attractive, and (3) with increased local economic diversity and improved technology, residents will opt for intensive rather than extensive land use. These assumptions will be constantly tested throughout the implementation of SUBIR.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The purpose of the project is stated above and remains a valid statement. The Project's M&E Plan will track progress towards the achievement of the EOPS. The project continues to make progress in project implementation despite the problems experienced during the reporting period.

VI. PROGRESS DURING REPORTING PERIOD

1. The diagnostic survey of all three areas was completed on schedule. The CARE Consortium collected information from field interviews or personal observations using multidisciplinary teams that visited each site. Baseline data and measurable indicators have been developed and included in the project's M&E plan. The CARE Consortium experienced difficulty in analyzing the information pertaining to training which caused a delay in submittal of the Training Needs Assessment report.
2. The 1992 Workplan was submitted and not approved by the Mission because it was too ambitious, difficult to understand, lacked analyses and rationale for the proposed strategies, and did not reflect the Mission's vision for launching first year activities. A working committee comprised of representatives from the Consortium and the Mission are currently revising this workplan.
3. Strategic Objective No. 5 and associated indicators were finalized.
4. The trip to Costa Rica and Guatemala was postponed until September 1992. The reason for the postponement was schedule conflicts with other regional projects and the need to complete additional preparatory work.
5. Excellent progress was made regarding environmentally sound oil exploitation. Dr. Southgate produced a paper on the economics of oil development that factors in environmental costs. Maxus submitted draft regulations regarding oil development on wildlands to Petroecuador which were approved by the Subsecretariat for the Environment. Policy dialogue activities have been defined and will commence next reporting period, once funded.
6. The Project Officer and SUBIR Coordinator improved relations among the project, Fundación IDEA, and Fundación Natura. All entities are coordinating efforts and meeting regularly. Additionally, SUBIR personnel met with indigenous groups, NGOs, international organizations, and private sector firms to explore venues of cooperation.
7. All key and support personnel were contracted, project vehicles arrived, and central office operations begun.

VII. GENDER CONSIDERATIONS

Gender and ethnicity are taken into consideration in the S. O. indicators and the Project M&E Plan. Women and selected ethnic groups will be both participants and beneficiaries in SUBIR activities.

VIII. EVALUATIONS AND AUDITS

The project developed a M & E Plan that will be included in project activities. Responsibilities for the collection of baseline information have been assigned to the various members of the SUBIR team.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

- a. The Consortium experienced serious difficulty in receiving acceptable reports from the numerous consultants, and they have not completed in-depth analyses necessary for baseline information supporting proposed interventions. In order to address these concerns, the Consortium has agreed to clearly indicate in the 1992 work plan: 1) the analyses from the diagnostic survey that define the problems for each protected area; 2) how the Consortium prioritized these problems; and, 3) the possible solutions and strategies proposed by the Consortium with adequate supporting justification.
- b. Problems arose throughout the reporting period between USAID and the Consortium based on protecting institutional turf, misperceptions, lack of shared vision, inadequate communication, etc. Subsequently, meetings have been held between all parties to resolve these problems, and all parties have agreed to work together to develop a shared vision that both the Mission and Consortium can fully support.
- c. The 1992 Workplan was not approved. The USAID Project Implementing Committee is working directly with the SUBIR team to revise the document so it meets the Mission's standards. Submittal of a revised workplan is expected by June 15, 1992, covering the period July to December.

X. MAJOR ACTIVITIES PLANNED FOR THE NEXT SEMESTER

1. Approve three month Workplan from April to June 30, 1992. (P. Dulin, R. Ruybal).
2. Submit and approve 1992 Workplan from July 1 to December 31, 1992. (P. Dulin; R. Ruybal).
3. Commence dialogue with ARCO regarding Block 10 and continue to coordinate activities with Maxus regarding Block 16. (R. Ruybal).
4. Finalize policy dialogue agenda with SUBIR, IDEA and FUNDACION NATURA. Actions required: 1) Extension of Dr. Southgate's contract; 2) Grant agreement between the Mission and IDEA signed; and 3) SUBIR policy activities approved in 1992 Workplan. (R. Ruybal, D. Southgate, P. Dulin).
5. Submit the Diagnostic Phase Report to USAID. (P. Dulin).
6. The SUBIR Project Implementing Committee starts to meet monthly and the Project Officer meets weekly with the SUBIR team. (R. Ruybal, P. Dulin).

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SEMIANNUAL REVIEW
October 1991 - March 1992

Project Name: Conservation of Biological Resources in Galápagos

Project Number: OPG-518-0107 / Grant No. 518-0107-G-00-1127-00

Project Funding:

PIO/T No.:	518-0107-3-09178
Appropriation:	72-1111021 PO91135
Budget Plan Code:	LDNA-91-25518-IG13
Total Estimated Amt.:	\$100,000
Total Obligated Amt.:	\$100,000
In-kind contributions:	\$ 34,000

Grantee: The Charles Darwin Foundation

LOP: September 30, 1992 - March 31, 1993

Technical Office: ANRO/REA

PROJECT PURPOSE

The purpose of this Grant is to mitigate human impacts and conserve biological diversity of the Galapagos Islands, Ecuador, particularly the botanical species of the Galapagos.

ACTIONS

Project activities began in January 1992, even though the grant agreement was signed in September 1991. As noted in the last SAR, a mid-term evaluation report will be given to USAID/Ecuador on approximately June 1, 1992.

The Project has had contact with the USDA Plant Quarantine Office, Miami, including a day spent touring and reviewing the facilities and methods used there. This month, the field manager of the Project will tour similar quarantine facilities in Hawaii (at his own cost, while on vacation), because of the similar problems of the islands of Hawaii and the Galapagos.

The first request (dollar and sucre costs) for Advance of funds for this Project was received March 27, 1992, for the period January-June 1992, and has been sent to the Controller, after approval of the Project Officer (Howard L. Clark, ANRO/REA). This Request includes the estimated costs incurred for January-March 1992, but lacks the receipted vouchers (still to be sent from the Galapagos Stations) for this period. Reimbursements (i.e., subtraction from the Advance balance) for the January-March period will be requested when the receipted vouchers are received and verified by the Project Officer.

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Semi-Annual Portfolio Review for the Policy Reform Objective
First Semester, FY 1992

1. Assessment of Overall Performance of Policy Reform Portfolio

The General Policy Reform Objective covers areas of stabilization and structural reform more consistent with conditionality of the international financial institutions (IFIs) and/or covenants that would be normally applied with ESF funds from USAID. The Mission's request for additional ESF funds for Ecuador will be considered in FY 93.

In the meantime, the Mission has continued to update and use its Policy Reform Matrix in order to coordinate various policy reform activities across different offices and strategic objectives. Toward this end, the policy reform team has also continued to meet during the last semester. In addition, a major source of dynamism in the pursuit of the Mission's General Policy Reform Objective is its Policy Dialogue Support (PDS) Project. This Project is having considerable success in creating a broad-based consensus among Ecuadorian decision makers and leaders on the need for macroeconomic policy reform, by means of networking, studies, publications, and high-level conferences. These Project activities have involved the participation of organizations like the IDB and IBRD and have intelligently complemented the conditionality based activities of such organizations, in effect creating the consensus that will be needed to support market-oriented policies as these continue to be adopted by the GOE.

The Mission views the PDS Project as especially timely when the current Ecuadorian political and economic situation is considered. Over the last six months, the Borja Government has continued its gradualist plan to slowly open up and modernize the economy, as seen in the following two important measures: 1) the promulgation of a new Monetary Reform Law, the draft of which included the input of Costa Rican Ex-Finance Minister Eduardo Lisano under the aegis of the PDS Project, and 2) the decision to unilaterally lower tariffs to levels agreed to by the Andean Pact countries in discussions on a Common External Tariff. Recent difficulties in the Andean Pact, stemming from the political situation in Peru, Ecuadorian intransigence on a list of 1,000 exceptions to the Common External Tariff, and allegations of member government subsidies for export industries, have jeopardized the establishment of a free trade zone in the region by July 1, 1992 as planned. In the Ecuador case, however, such difficulties have importantly demonstrated a new resolve on the part of the country's leadership to unilaterally open-up to international trade and competition, with or without the Andean Pact. Directly through the PDS Project and indirectly through the Mission's other policy reform activities, the Mission has been a part of this transformation.

With the participation of the current and former Ministers of Finance, Pablo Better and Jorge Gallardo, business people, labor leaders, professors and research economists, the PDS Project organized and presented a National Conference on Ecuador's Transition to a Non-Petroleum Economy. In the course of this Conference, national and international experts presented over 25 papers analyzing different aspects of the country's particular social, economic, and political situation. These papers touched

not only on the petroleum sector but, in fact, included discussion of most of the objectives included in the Mission's General Policy Reform Objective (next two pages).

Through the Fundación Ecuador and PROGRESEC, the Mission has also been involved in coordinating the timely response on the part of the Fundación to the request made by the parties of the three major Presidential candidates for an agenda of optimal, prioritized policy reforms to be pursued in the first months of the next GOE. In the last months, representatives from INCAE, Fundación Ecuador, ANDE, FEDEXPOR, IDEA, PROEXANT, and USAID have met to define the areas of policy reform to be studied, taking into consideration the results of consensus workshops carried out in the course of the National Conference. Begun in the reporting period in question, this activity will actually be finalized and carried out in the next semester.

2. Progress Toward Purpose Achievement

The Policy Reform Objective is making progress toward achieving its purpose primarily through the PDS Project which is discussed in the SAR. The Policy Reform Team, which is composed of five strategic objective team leaders, met to coordinate completion of the policy matrices for the Mission's Action Plan, short term pre-election plan, and POD exercises. It is important to stress the importance of the two major policy reform events of the reporting period - the National Conference in March and the options exercise of Fundación Ecuador and the PDS Project - as crucial activities which have set the stage for the Mission's policy reform agenda in the important first months of the next government, and quite possibly for the next four years. In terms of the Conference, the fruits of the Mission's efforts are already appreciable, with respect to the national attention it focused on policy reform and the enthusiasm it generated in various circles. The anticipated achievements of the "options exercise" will be included in the next SAR.

3. The Policy Matrix

Attached to this report is the General Policy Reform Matrix which summarizes both the stabilization and structural adjustment objectives, some of which coincide with the Mission Strategic Objectives and some of which cut across offices and objectives. The importance of the matrix in coordinating the Mission-wide policy dialogue agenda gained added importance in the last six months as a mechanism which helped the Mission to organize its thinking about the next three to five years for its Action Plan and POD documents. Further, in the next six months, the matrix will be crucial in ensuring the effectiveness and accuracy of the Mission's policy reform agenda in Ecuador's pre-election period and in the equally important post-election period. Therefore, the Mission will prioritize those reforms that are most critical and feasible to achieve.

LAC/MISSION ECONOMIC REFORM OBJECTIVES

LAC/MISSION OBJECTIVE	SPECIFIC POLICY REFORM	WHAT IS NEEDED	WHAT HAS BEEN DONE TO DATE	EXPECTED RESULTS	WHO BENEFITS OR OUTCOME	WHO LOSES	WHO HAS POWER	AID OFFICE	AID LEVERAGE	DONOR COORDINATION
General Policy Reform Objective	a) Reduce fiscal deficit	IMF stand-by, expenditure control & increased revenues	Long negotiations with IMF, tax reform, reduction of expendit.	Lower inflation	Country, especially urban poor	GOE, contractors	MOF, Presidency, IMF	PPD	Poor	IMF
	b) Privatization of state enterprises	GOE commitment to privatization, technical assistance in administrating privatizations	CFM selling firms owned by the state, more participation by private housing sector (financial & construc)	Smaller public sector deficit and improved efficiency; increased inflation in the short term	Country, and the urban poor in particular, enjoy better services	Redundant public sector workers	Congress, MOF, MOF, private investors, BCE	PPD/ET10/RHUDD	Poor	World Bank, IMF, Inter-American Dev. Bank, UNDP
	c) Performance based management for state enterprises	Reform of laws and policies regulating state enterprise	Discussions concerning the closing of ENAC & ENPROVIT	Smaller public sector deficit and improved efficiency	Higher inflation in short term better services for customers	Nobody	Public sector unions, GOE	PPD/ET10	Poor	World Bank, IMF, UNICEF, IDB, UNDP
	d) Eliminate oil revenue earmarks for the military	Legal reform (i.e. the Hydrocarbons law)	Nothing	Increased revenue for investment, more flexible budget	Country	Military	Military, Congress	PPD/ET10	Poor	World Bank, IMF
	e) Depoliticize GOE budgetary process	Plan and rationalize process by which budget is defined	New Monetary Reform Law reduces dependency of the Central Bank	Lower inflation	GOE, country	Regional and specific interests	Congress	PPD/ET10	Poor	
	f) Reduce subsidies (i.e. gasoline, electricity)	Promote internat'l pricing of public commod. and services	Gas prices at 50% of int'l prices & monthly electric. rates up 3%	Higher inflation in the short term, lower GOE deficit	Country	Medium, high income groups	Congress, MOF, MOE	PPD/ET10	Fair	World Bank, IMF
	g) Tight Monetary Policies	GOE, Central Bank commitment to more decisive control of money supply	Gradual tightening of money supply	Lower inflation and economic downturn	Country	Speculators	Business Sectors, GOE	PPD/ET10/RHUDD	Fair	IMF, World Bank
	h) Financial liberalization	Monetary Board regulations on interest rates, exchange rates, etc.	Gradual increase in Central Bank interest rates to market level, dialogue with credit unions and S&L's	Improved allocation of resources, increased savings	Savers, and small and medium businesses who do not have access to credit	Informal financial intermediaries	Monetary Board, Chambers of Agriculture and Industry	PPD/ET10/RHUDD	Fair	IMF, World Bank
	i) Credit Subsidies	Complete elimination	Almost entirely eliminated	Improved allocation of resources	Population, well managed firms	Groups that enjoy subsidized credit	Monetary Board, Chamb. of Ag. & Ind.	PPD/ET10/RHUDD	Fair	IMF, World Bank

LAC/MISSION ECONOMIC REFORM OBJECTIVES										
LAC/MISSION OBJECTIVE	SPECIFIC POLICY REFORM	WHAT IS NEEDED	WHAT HAS BEEN DONE TO DATE	EXPECTED RESULTS	WHO BENEFITS OR OUTCOME	WHO LOSES	WHO HAS POWER	AID OFFICE	AID LEVERAGE	DONOR COORDINATION
General Policy Reform Objective (cont)										
	j) Reduction of Central Bank credit to public and private sectors	GOE (Central Bank, Min. of Finance) continues to limit extension of credit	Substantial progress during the last two years	Higher interest rates	Economy, private sector	Subsidized groups and industrial groups	Monetary Board, private sector	PPD/ET10/RHUDD	Fair	IMF, World Bank
	k) Implementation of New Monetary Reform Law	Greater acceptance and understanding of new law, its implementation	After Congress refused to consider the law, President promulgated it and moves were made to set up State Bank	Return of Central Bank to its original role and supposedly greater independence of Monetary Board	Country	Civil servants who lose jobs, Asociación de Bancos	Congress, GOE	PPD	Fair	IMF, World Bank
	l) Appropriate external debt policy	Completion of external debt renegotiations and debt reduction program	Lengthy, unproductive discussions	Improved current account balance	Country	No losers	GOE, Monetary Board, IFI's, commercial banks	PPD	Fair	IMF, World Bank
	m) Labor reform	New Labor Law	Law passed by Congress and signed by President	Increased employment higher growth	Business and workers (especially informals)	Traditional formal sector labor unions	Labor unions, GOE, Congress Prod. Chamber	PPD/ET10	Fair	
	n) Elimination of trade restrictions	Further reduction of quantitative restrictions and prohibitions	Elimination of prior import deposits, prohibitions of 600 imports and licensing requirements on 500	More trade, greater foreign exchange earnings	Exporters, importers, labor, farmers	Contraband groups	MICIP, FEDEXPOR, currently protected industry	ET10/PPD	Significant	World Bank IMF
	o) Reform legal, regulatory and judicial environment	New law laws that make markets "free", studies and public relations campaign	Labor, tax, and tariff reforms passed. Trade and capital markets legislation in the works	Efficient "free markets"	Business and consumers	Groups having monopoly power	GOE, Production Chambers	PPD/ET10	Fair	World Bank

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LAC/MISSION ECONOMIC REFORM OBJECTIVES

LAC/MISSION OBJECTIVE	SPECIFIC POLICY REFORM	WHAT IS NEEDED	WHAT HAS BEEN DONE TO DATE	EXPECTED RESULTS	WHO BENEFITS OR OUTCOME	WHO LOSES	WHO HAS POWER	AID OFFICE	AID LEVERAGE	DONOR COORDINATION
1. Increased trade & employment in non trad. exports										
	a) Exchange rate liberalization	Market determined exchange rate	Insufficiently small, weekly devaluations	End to anti-export bias, greater trade	Exporters, labor	Importers	FEDEXPOR, Fun. Ecuador, MICIP	ETIO/PPD	Poor	World Bank, IMF
	b) Elimination of trade restrictions	Reduction of red tape, quantitative restrictions and prohibitions	Elimination of prior import deposits, prohibitions of 600 imports and licensing requirements on 500	More trade, greater foreign exchange earnings	Exporters, importers, labor and farmers	Contraband groups	MICIP, FEDEXPOR, currently protected industry	ETIO/PPD	Significant	World Bank, IMF
	c) Implementation of a capital markets law	Taxes favoring equity capital vs debt	Draft prepared and edited by Central Bank	Increased domestic investment	Corporations and equity investors	Nobody	BCE, Congress, Superintend. of Companies	PPD/ETIO	Fair	IFC, SEC
	d) Tariff Reform	Harmonize with other reforms (e.g. exchange rate), Andean Common Market	Implementation of 1990 Tariff Reform; Andean tariffs to zero in July 1992	Improved domestic cost structure	GOE, exporters	Protected industries	GOE, JUVAC chambers of industry	PPD/ETIO	Significant	World Bank, IMF
	e) Privatization framework	Passage of Privatization Law	Open discussion of need for such law	Increased investment and efficiency of service provision	Country	Redundant officials who are fired	Presidency, Congress, Fund. Ecuador	ETIO/PPD	Excellent	IDB
	f) Legal environment conducive to investment	Major LRJ reform	Nothing	Increased investment	Country	Corrupt Politicians	Presidency, Congress, Fund. Ecuador	ETIO/U.S. Emb.	Poor	IDB
	g) Maquila/free Zone labor regimes	Promote laws both abroad and in the country	Passage of Maquila and Free Zone laws, and establishment of first maquila industry	Greater investment (in new maquila firms) and lower sub and unemployment	Labor, business	Labor unions of formal sector	Labor unions, MICIP, FEDEXPOR	PPD/ETIO	Significant	Jica
	h) Transportation liberalized for exports	"Open Skies Policy," reform of cargo reserve law	Bill submitted to Congress	Increased competitiveness of country's exports	Exporters, importers, consumers	State enterprises, trans. unions	DAC, trans. unions, state enterprises	ETIO	Fair	ILAIS
	i) Reduce taxation and procedures governing foreign investment	Reform taxes and implement investment law	Tax reform in effect	Increased foreign investment	Business sector, labor, GOE, tax payers	Tax evaders, civil servants who lose jobs	MICIP, GOE	PPD/ETIO	Significant	GTZ, USAID, IDB
j) Streamlining procedures which regulate trade	Establishment of "ventanilla única" (one stop shop)	Proposal discussed & defective bill submitted to Congress	Increased exports	Country	Redundant officials who are fired	MICIP, Fund. Ecuador and Congress	PPD/ETIO	Excellent		

LAC/MISSION OBJECTIVES AND POLICY REFORM MATRIX										
LAC/MISSION STRATEGIC OBJECTIVE	GENERAL POLICY REFORM AREA	WHAT IS NEEDED	WHAT HAS BEEN DONE TO DATE	EXPECTED RESULTS	WHO BENEFITS	WHO LOSES	WHO HAS POWER	AID OFFICE	AID LEVERAGE	DONOR COORDINATION
Broad-based sustainable economic growth and strengthened, more stable democracy										
2. Increased income on small and medium farms from selected commods.										
	a) Exchange Rate	Unification of exchange rate at market equilibrium rate	Differential between official & free market rate less than 5%, sucre overvalued by approximately 10-15%	Improved resource allocation, greater incentives for exports & efficient import substitution	Exporters, agricultural producers, farm laborers	Importers, consumers of imported goods	Monetary board, trade associations, and the Presidency	ETIO/PPD/ANRO	Good	IMF, World Bank
	b) Tariffs	Lower tariffs and make them uniform across sectors	Tariff reforms being discussed in MICIP, MAG, MOF, Presidency	Improved resource allocation, end to anti-export bias, increased trade, lower prices	Producers who use imports subject to high tariffs, and most consumers	Producers and employees of protected industries	MICIP, MOF, MAG, FEDEXPOR, industrial associations	ETIO/PPD/ANRO	Good	IMF, World Bank, EEC, JUNAC
	c) Non-tariff barriers	Elimination of import prohib., prior license requirements and other NTBs	Import prohibition removed on 600 items, prior license requirements eliminated for 550 items.	Improved resource allocation, increased trade, lower prices	Producers who use prohibited imports and most consumers	Producers and employees who had access to prohibited imports	MICIP, MOF, MAG, FEDEXPOR, industrial associations	ETIO/PPD/ANRO	Good	IMF, World Bank, GTZ, EEC, JUNAC
	d) Agricultural and food prices	Reform Consumer Defense Law, adopt free market prices	Discussion papers on Consumer Defense Law Reform developed in the ASRP and IDEA	Improved resource allocation, higher initial food prices, greater production	Agricultural producers, priv. marketing sectors & most consumers	Consumers who had access to low controlled food prices	MICIP, MOG, (intendentes) MAG, MOF, Agr. Prod. Assoc.	ANRO/ETIO/PPD	Good	World Bank, FAO

LAC/MISSION OBJECTIVES AND POLICY REFORM MATRIX										
LAC/MISSION STRATEGIC OBJECTIVE	GENERAL POLICY REFORM AREA	WHAT IS NEEDED	WHAT HAS BEEN DONE TO DATE	EXPECTED RESULTS	WHO BENEFITS	WHO LOSES	WHO HAS POWER	AID OFFICE	AID LEVERAGE	DONOR COORDINATION
Broad-based sustainable economic growth and strengthened, more stable democracy										
2. Increased farm income on small & medium farms from selected commodities (continued)										
	e) State-owned Agricultural Enterprises (SOAE's)	Privatize ENPROVIT, ENAC, FERTISA, ENSEMILLAS and create prod. & price info s/s.	Discussion papers on reform of SOAE's developed in the ASRP and IDEA, public agric. info system initiated in ASRP	Improved resource allocation, greater marketing efficiency and improved private sector decision making	Private marketing sector, most producers and consumers	Privileged recipients of subsidies and information	MOF, MAG, agricultural production associations and the Monetary Board	ANRO	Good	World Bank, FAO, GTZ
	f) Land market	Security of tenancy, ease of transfer via sale or rental, & land tax/bank	Creation of prototype land titling and registration system (CATIR)	More efficient land use, increased agr. production, less environmental degradation	Small and medium sized farmers & rural laborers	Land speculators and IERAC employees	MAG, Congress, Presidency, IERAC & DINAC	ANRO/ETIO	Good	None
	g) Agricultural Research, Extension and Education (REE)	Increased public and private investment in REE	Creation and expansion of FUNDAGRO, INIAP autonomy law ready to submit to Congress	Increased agric. production & incomes to lower food prices & enviro. degradation	Country	None	INIAP, Pres., Congress, MAG, FUNDAGRO and producer grps	ANRO	Significant	CGIAR groups IDB, PROTECA, GTZ, COTESU, FAO
	h) Agricultural Capital Market	Eliminate interest rate subsidies on agric. credit & fixed margins	BNF interest rates have been increased toward market rates	More credit to agriculture, more private lending, more savings generated	Producers without access to credit subsidies & the agricultural financial system	Producers who had access to subsidized credit (minority)	MAG, BNF, rice producers, IMF, World Bank, and the Monetary Board	ANRO/PPD/ETIO	Good	World Bank, IMF

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LAC/MISSION OBJECTIVES AND POLICY
REFORM MATRIX

LAC/MISSION STRATEGIC OBJECTIVE	GENERAL POLICY REFORM AREA	WHAT IS NEEDED	WHAT HAS BEEN DONE TO DATE	EXPECTED RESULTS	WHO BENEFITS	WHO LOSES	WHO HAS POWER	AID OFFICE	AID LEVERAGE	DONOR COORDINATION
Broad-based sustainable economic growth and strengthened, more stable democracy										
5. Increased use, efficiency, and sustainability of family planning and selected health services										
	a) Implement policy for the decentralization of the provision of health services	Clarify policy & strengthen MOH provincial offices, administration and budgeting procedures	Establishment of long term assistance team and preliminary visits to selected provinces	Availability of maternal and child health care at all (operating) sites	Women & children, provincial offices of MOH	Central Ministry	Minister of Health, public sector labor unions	GDO	Fair	PAHO, World Bank
	b) Health financing	Sector overhaul, involving both private and public sectors	Some policy dialogue	More cost efficient health services	Population at large	Public sector Institutions (IESS)	MOF, Medical College, MOH labor unions, private sector leaders	GDO, ETIO	Poor at present (project design in process)	World Bank
	c) Increased resource allocation for family planning from own resources	Establish line item related to family planning & appropriate level of funding and present it to Congress	Preliminary research for appropriate levels and signed agreement with MOH	Improved access to and use of modern contraceptive methods	All women of reproductive age	Anti-family planning special interest groups	MOF, Catholic Church, Family Planning PVOs, Congress, Medical College	GDO	Significant	UNFPA
	d) Implementation of Population Policy	Provide CONADE with skills and technical knowledge to implement policy	Policy Dialogue with CONADE leadership	Improved access to family planning	All women of reproductive age	Anti-family planning special interest groups	MOF, Catholic Church, Family Planning PVOs, Congress, Med. College	GDO	Significant	UNFPA

LAC/MISSION OBJECTIVES AND POLICY REFORM MATRIX										
LAC/MISSION STRATEGIC OBJECTIVE	GENERAL POLICY REFORM AREA	WHAT IS NEEDED	WHAT HAS BEEN DONE TO DATE	EXPECTED RESULTS	WHO BENEFITS	WHO LOSES	WHO HAS POWER	AID OFFICE	AID LEVERAGE	DONOR COORDINATION
Broad-based sustainable economic growth and strengthened, more stable democracy										
4. Improved responsiveness of selected democratic institutions with greater citizen participation										
	Adoption of new criminal and civil legal codes and procedures	Drafts of new civil and penal codes and procedures; GOE review of these codes	Negotiations with ILANUD for technical assistance	Speedier civil and criminal proceedings, including those relating to narcotics cases, and more transparent judicial system	Society in general with more transparent system, litigants in suits	Some lawyers, corrupt judges	Supreme Court, Association of Judicial Employees, Congress, lawyers groups	GDO	fair	To be determined

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LAC/MISSION OBJECTIVES AND POLICY REFORM MATRIX

LAC/MISSION STRATEGICAL OBJECTIVE	GENERAL POLICY REFORM AREA	WHAT IS NEEDED	WHAT HAS BEEN DONE TO DATE	EXPECTED RESULTS	WHO BENEFITS	WHO LOSES	WHO HAS POWER/ INFLUENCE	AID OFFICE	AID LEVERAGE	DONOR COORDINATION
Broad based sustainable economic growth and strengthened, more stable democracy										
5. Stem loss of bio diversity and accelerate trans. from resource mining to management in & around selected protected areas										
	a) Implementation of natural resources management laws (e.g. adequate protection of selected national parks)	Technical assistance and training in the demarcation of parks and the strengthening of NGOs	SURIR approved, agreements signed between GOE, CARE, and AID	Natural Park System that protects biological diversity & offers sustainable economic activity (ecotourism, maintenance of native peoples' livelihood)	Country, private sector, tourist companies, natural heritage for future generations	Colonists and poachers	MAG, Ministry of Energy and Mines, Petro Ecuador, military, general public, local environmental NGOs, indigenous groups	ANRO	Significant	CARE, World Bank, IDB
	b) Environmentally sound oil exploration and exploitation	Monitoring and enforcement, some technical assistance	Dialogue initiated between AID and oil companies	Minimum damage to environment and rehabilitation actively implemented	Country, indigenous groups, natural heritage protected for future generations	Certain oil companies	Oil companies, international and local environmental NGOs, GOE	ANRO	Significant over LOP	World Bank, IDB, FAO, UNDP
	c) Environmental Law	Congress to pass law, GOE to implement	Fundación Natura draft of the law submitted by President to Cong.	More coherent, realistic GOE policy toward environment	Country, natural heritage for future generations	Various bureaucracies	Fundación Natura, local environmental NGOs, GOE	ANRO	Fair	World Bank
	d) Mining activities implemented in an environmentally sound manner	Enforcement of Mining Law	Dialogue started with Subsecretary of the Environment within the Ministry of Energy and Mines	Minimum damage to environment and rehabilitation actively implemented	Country, indigenous groups, natural heritage for future generations	Certain mining companies	MAG, small companies, Ministry of Energy and Mines	ANRO	Fair	Local environmental NGOs, World Bank, IDB

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PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A

I. BACKGROUND DATA

Project Title: Policy Dialogue Support
 Project Number: 518-0089
 Date of Authorization: original 09-20-90
 Date of Obligation: original 09-28-90
 PACD: original 09-30-94
 Implementing Agencies: INCAE
 Major Contractors:
 AID Project Officer: Guillermo Jauregui
 Status of CPs/Covenants: N/A

 Date of Last Evaluation: N/A
 Date of Last Audit: None

Next evaluation: 09-28-92
 Next Audit: 02-25-92

FINANCIAL DATA(518-0089)

Amount Authorized: DA Grant: original \$2,800,000
 Amount Obligated: DA Grant: original \$2,800,000
 Amount Committed: Grant - Period: \$ 639,508
 Cumulative: \$2,800,000
 Accrued Expenditures: Grant:
 Period - Projected: \$ 300,000
 Period - Actual: \$ 541,841
 Cumulative: \$1,120,959
 Period - Next: \$ 600,000

 Counterpart
 Contribution: Planned: \$1,200,000 (ESF)
 Actual: \$ 450,000
 % LOP Elapsed: 37.5%
 % of Total Auth. Oblig. (Grant) 100.0%
 % of Total Oblig. Exp. (Grant) 40 %
 % of Total Auth. Exp. (Grant) 40 %

II. MAJOR OUTPUTS:

1. Seminar and Workshop Participants	PLANNED					ACCOMPLISHED				% of LOP	
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM					
							M	F	M	F	
a. Component 1	980	408	107	1,069	279	200	678	177	956	217	120 %
b. Component 2	455	283	74	535	140	160	0	0	62	34	21 %
c. Component 3	535	63	17	151	40	160	42	11	71	13	16 %
d. Component 4	400	32	8	188	49	40	57	15	209	53	66 %

2. Articles for Publication

- The Competitiveness of Countries: Ecuador Faces the World
- The Agenda for Adjustment and Structural Reform in Ecuador: Advances and Goals
- The Challenge of Implementing and Sustaining Economic Reform: Lessons from Ecuador
- Insertion in the International Economy and Transformation of the Productive Sector
- Latin America in the New Fractured Global Order
- Industrialization in Ecuador: Options of Policies of Reconversion
- Ecuador Without Petroleum

- Petroleum After the Year 2000: Towards Interdependency
- Social Policy in Times of Adjustment
- Financial Reform in Latin America: Priority Areas and Principal Obstacles
- Ecuador: Economic Development in the 1990s and the Public Sector
- The Political Problem of Economic Reform
- Transition from Structuralism to Economic Liberalization in Ecuador
- Bases for the Elaboration of a Strategy of Export Promotion/Productive Transformation
- Structural Reform and Economic Policy in Mexico: Vision from the Private Sector
- Less Dependence on Petroleum? A Brief Diagnostic of Ecuador and Mexico
- Necessary Macroeconomic Conditions for a Successful Financial Reform
- The Need for Structural Reforms in the Ecuadorian Economy: An Institutional Vision
- Notes on the EAI and the Andean Pact: Open Regionalism in the Andes
- Guidelines for the Transition to a Non-Petroleum Economy in Ecuador
- Analysis of Interest Rate Policy in the Agricultural Sector
- Management of Economic Policy in Ecuador: the Political Economy of Monetary Control
- Analysis of Recent Laws and Project Laws Supporting Structural Reform in Ecuador
- National Insertion in the World Economy: Critical Observations and Perspectives
- Survey of Competitiveness
- External Debt in Ecuador

III. PROJECT DESCRIPTION

In order to create broad-based consensus among Ecuadorian decision-makers and leaders on the need for macroeconomic policy reform, this Project is pursuing the following four components: 1) Policy Dialogue Support such as structural-reform seminars, policy-formation workshops, and informal networking, 2) Macroeconomic Training for public and private sector leaders to familiarize important decision-makers with market-oriented models, 3) University Training in economics, focusing on reform of curricula and methodologies, and 4) Data Generation and Analysis Reform to rationalize the process by which economic research data is produced and used.

IV. RELATIONSHIP OF PROJECT TO POLICY REFORM OBJECTIVE

The close linkage of the Project to the General Policy Reform Objective described in the last SAR has since tightened with the participation of INCAE in the development by Fundación Ecuador of a "policy reform options agenda," as requested by Ecuador's major political parties in this crucial 1992 Presidential election period. For this exercise, INCAE has begun to write nine position papers which support the request made to Fundación Ecuador and which are based on the consensus on policy reform achieved during the Project's National Conference on Ecuador's Transition to a Non-Petroleum Economy. This Conference was a major contribution of the Project to the Mission's overall Policy Reform Objective to the extent that it brought together a diverse group of Ecuadorians, from both the coast and the sierra, to listen to various analyses of the Ecuador case and to participate themselves in defining key areas of reform for the country, at the same time that it focussed national attention on the great need for policy reform in the context of consensual decision-making.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The Project purpose is to establish a process and a mechanism for informed macroeconomic policy dialogue and discussion, based on the implications and advantages of outward- and market- oriented policy reform in the medium to long term. The EOPS of the Project are: 1) Clear consensus emerging among key political and economic interest groups on Ecuador's future growth-with-equity and the strategy needed to achieve it; 2) more frequent and more substantive policy dialogue sessions conducted among key representatives of diverse interest groups about market-oriented economic policies; 3) greater understanding of the facts surrounding Ecuador's economic growth process, income distribution and vested interest groups and 4) improved economic analysis capability among mid- and high-level public and private sector officials.

EOP 1. A significant step was made toward achieving a consensus on economic reform during the National Conference in March which included speakers from the IDB and the IBRD, the private sectors of Costa Rica and Mexico, and prominent Ecuadorian economists, businessmen, labor leaders and political/economic advisors. Through a workshop which divided up 250 Ecuadorians into 14 groups, consensus was reached on six priority areas of policy reform for the next GOE.

EOP 2. Over the last period, weekly networking sessions with a wide range of Ecuadorian interest groups have been held in the INCAE offices in Quito and Guayaquil. EOP 3. In connection with the National Conference, the Project has produced 26 papers (listed above under II.2) on economic stabilization, structural reform, and impediments to a free enterprise system that exist in Ecuador, all of which will be published shortly and sold locally. The Conference and its conclusions were widely covered in the local press. EOP 4. Under the guidance of INCAE Professors, the conclusion of a cycle of training for mid-level researchers from a variety of research institutes has trained forty researchers and produced twenty studies, eight of which will be published in the INCAE Quarterly Magazine which is widely distributed in Ecuador.

VI. PROGRESS DURING REPORTING PERIOD

With regard to the major activities which were planned last semester, progress was made in the following areas:

1. The overall Project Strategy accepted last July for the pre-election period in Ecuador was successfully implemented, particularly with respect to the quality of dialogue activities, and the emphasis given to networking sessions, which were carried out in an effective manner. In this respect, one of INCAE's consultants, Dr. Eduardo Lisano, played an important advisory role in helping to improve the draft Law of Monetary Reform and supported the GOE's efforts towards obtaining consensus on the law with the private sector.
2. The first annual report of the Project was presented to the Mission and accepted. In addition, the Quito office of INCAE has worked intensively to revise the budget format to improve its clarity and presentation as a prior step to amending the project in order to include long-term training for forty Ecuadorian candidates in the Masters in Economic Administration in Costa Rica.
3. INCAE staffing was completed as a Ph. D. Candidate from George Mason University, Dora Ampuero, was contracted to head up the Guayaquil office and as Randolph Reed began work as Project Economist charged with conducting analysis and research on selected issues related to reforms required to further liberalize Ecuador's economy.
4. INCAE has established contact with RTAC 2 and has made the initial purchase of an important, up-dated textbook on micro and macroeconomics for university professors taking the International Trade Seminar in May and for the libraries of eight universities throughout the country.

VII. GENDER CONSIDERATIONS

In addition to making the effort to include the participation of high-level women in Project seminars, especially as evident in the National Conference in March, INCAE organized two seminars on economic policy reform for 27 women in Quito and

Guayaquil. Their participation was active and most were appreciative of the chance to discuss these issues as many of the participants were leaders representing foundations and groups from the social sector.

VIII. EVALUATIONS AND AUDITS

PPD will contract with MSI to set up an M & E Plan for the Project.

At the present time, Arthur Anderson is conducting an audit of the Project at the main office of INCAE in Costa Rica.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

Despite INCAE's concerns about maintaining its reputation as a neutral, academic institution promoting policy reform in Ecuador, INCAE has made the decision to carry out nine analytical papers outlining the policy options of reform for the next government. These studies will complement very nicely the agenda options exercise which Fundación Ecuador is pursuing in a more pro-active way. It is important to note that INCAE made the decision to carry out these studies only after the National Conference concluded the need for analysis of what the Conference participants defined as the following six major areas of policy reform: 1) Stabilization, 2) Reform of the state, 3) Economic Openness, 4) Infrastructure, 5) Education, and 6) Quality of Life.

As the project will continue to be faced with the lack of greater female participation, due to the underrepresentation of women in decision-making processes in Ecuador, INCAE has taken an active role in recruiting the participation of women in all its activities. It may have to do so even more if the gender disaggregated data do not improve more rapidly in the next semester. Where possible, INCAE will document the lack of a higher female participation rate by means of letters and invitations sent where the participation of women in an event falls short of the 40% WID quota. The alternative of hosting seminars exclusively for women is a next-best option, the use of which has occasionally brought about resentment by women participants for being set apart.

In the last six months, the Project has strived to achieve a healthier balance in drawing participants in Project activities from various regions throughout the country. In this respect, it is appropriate to note that the National Conference in March was truly national in scope and participation.

Issues relating to pricing for professors' services in the Project is on the way to being resolved as the financial director of INCAE/Costa Rica has had frequent meetings with RCO/Quito over the last period, and as the Arthur Anderson audit is currently underway.

Despite our earlier concerns with the progress of Component 3, the following Project activities involving universities in the last six months have helped to allay our fears: 1) Three microeconomic and two macroeconomic courses were held for professors from universities throughout the country, which revealed

increasing interest on the part of universities in reforming their economics faculties, and 2) INCAE made the initial purchase of approximately 80 copies of an important, up-dated textbook on micro and macroeconomics for the 30 professors who participated in the above courses, and for libraries of eight universities.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. PROGRESEC-INCAE will continue to participate in the "policy reform options agenda" directed by Fundación Ecuador. This participation is mainly in the form of the preparation of nine position papers, the analysis of which will be incorporated into the Fundación Ecuador's recommendations for policy reform for the government taking office August 10, 1992. INCAE will also hold a strategic planning workshop for Fundación Ecuador members. In early June of the next semester, INCAE will organize and present a series of seminars on policy reform to be presented in two phases. First, as a follow-up to the March Conference, two seminars will discuss the Conference's conclusions on the six priority areas of policy reform. Second, to meet the request of the two major Presidential candidates for training of congressmen-elect and other local officials with respect to policy reform, two seminars will be directed toward this purpose.
2. Also in the next semester, INCAE will host a seminar for the next ministerial cabinet, which will be a closed-session workshop on economic reform.
3. In the late summer, INCAE will send approximately 20 Ecuadorians to its masters program with scholarships funded by the Project. Given the absence of a high-quality masters program in Ecuador, and the utility of more INCAE masters degrees in country with respect to improving the understanding and diffusion of market-oriented models in Ecuador, these scholarships are an excellent use of project funds with a highly positive anticipated return. These scholarships are being funded with ESF local currency and therefore procedures will have to be reviewed to ensure the welfare of participants. Also, the project officer will work with the Mission training officer to ensure that all short-term, in country training is being properly reported.

XI. REVIEW OF PREVIOUS SAR ACTIONS

1. As explained above, the National Conference on Ecuador's Transition to a Non-Petroleum Economy was a great contribution to both the Project and the Mission's overall policy reform agenda. The Conference did provide the economic advisors of major political parties the opportunity to discuss their economic reform programs, and the presentation of excellent diagnoses of the Ecuador case did in fact enable Conference participants to arrive at consensus on the six major policy reform areas for the next government to tackle.
2. At the end of the semester in question, the INCAE monograph titled "Economics and Populism" was distributed to the participants in the National Conference.
3. INCAE has also recently finalized its proposal to amend the Project budget in order to send Ecuadorians to the Masters Degree Program at INCAE/Costa Rica.

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TARGETS OF OPPORTUNITY

Projects:

National Shelter Delivery System (518-0076)

Technical Training (518-0044)

Special Development Activities (518-0004)

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UNITED STATES GOVERNMENT

memorandum

DATE: May 11, 1992

REPLY TO
ATTN OF: George Deikun, Acting Director, RHUDO/SA

RHUDO-226-92

SUBJECT: SEMI-ANNUAL REVIEW, OFFICE PORTFOLIO REVIEW

to: Charles E. Costello, Mission Director, USAID/Ecuador

I. Brief Assessment of Overall Performance of Project

Much occurred during the past six months with the National Shelter Delivery System Project, 518-0076 and HG-007. Highlights of project accomplishments included the following:

A. HG-007

1. \$1-million of eligible expenditures were presented by the GOE to fully liquidate outstanding advances disbursed since 1989 by AID to the GOE for project activities. A total of \$3.8 million have been liquidated and \$6.2 million remain in escrow from the original \$10 million borrowing.

B. 518-0076 Grant Funded Activities

1. Extensive technical assistance was provided in support of the GOE's decision to transform the BEV into a second-story lending institution and to assist the GOE's special commission on banking system reforms.
2. An evaluation of the HG-007 project and a study of the Ecuadorian S&L system were completed.
3. A project financial compliance review of the HG-007 was completed.
4. A \$110,000 amendment for the buy-in of services from the WASH project was fully executed.
5. A series of seminar/workshops co-sponsored by WOCCU, FECOAC, RHUDO/SA, and CONCAF were conducted as part of a strategic planning exercise to foster consensus about the credit union system's future survival and revitalization.-
6. The case was made by the Mission as part of its Action Plan/POD submission to add \$600,000 of PSEE grant funds in FY 93 to enable AID to help the GOE consolidate reforms and operationalize a restructured housing finance system, to replicate

infrastructure project support activities in other cities, etc.

7. Consultant services, under the WASH Project were contracted to prepare a cost accounting manual for the Quito Water Authority. Also, a survey of water and sewerage agency performance indicators was completed.
8. The process to transfer the management of the technical assistance grant from the Ecuadorian Central Bank to the Ministry of Finance was fully mobilized.

II. Project Indicators Related to Baseline Information Development and Targets

In the context of this Mission's Program Performance Assessment System (PPAS), the National Shelter Delivery System Project, (HG-007) and (518-0076), and its activities have been classified as Targets of Opportunity. Nevertheless, as the Mission's different Strategic Objectives teams met during the past months to select appropriate project indicators to measure the accomplishments of projects falling under each strategic objective, Mission management made a decision to include the National Shelter Delivery System Project and invite RHUDO/SA staff to join the strategic objective team (SO3) responsible for family planning and selected health services in its meetings about project indicators.

Furthermore, as the Mission was developing the reform objectives matrix for its Policy Dialogue Support Project, RHUDO staff was consulted on specific policy reforms related to the National Shelter Delivery System Project's shelter component which should be included as part of that project's proposed policy reform agenda.

As a result of the above exercises, project indicators and policy reforms identified by these processes, which have become included in the Mission's FY 93-94 POD and Action Plan, relative to measuring National Shelter Delivery System Project accomplishments are:

- SO # 3 indicators: (Infrastructure Component) - (1) operating costs of municipal water systems; (2) technical norms updated; and (3) water systems rehabilitated.
- SO # 3 program outputs: (Urban Shelter and Infrastructure HG Loan) - (1) improved policy and institutional environment for long term sustainability of... selected health services through such activities as: (a) operations research in cost recovery

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methodologies; (b) financial planning and accountability at municipal level; (c) policy conditionalities for disbursement of funds; (d) assistance in strategic planning, etc.; and (2) effective utilization and improved quality of... selected health services through such activities as: (a) encouraging private sector participation in service delivery; (b) contracting private sector for services, etc.

- Specific Policy Reforms: (1) privatization of state enterprises; (2) tight monetary policies; (3) financial liberalization; (4) elimination of credit subsidies; (5) reduction of Central Bank credit to public and private sectors; (6) reform of Monetary Law; and (7) reform of legal, regulatory environment.

To start developing baseline information for the project indicators cited, RHUDO/SA carried out during this SAR reporting period a Performance Indicators Survey Project of thirteen Ecuadorian water and sewerage agencies. Also, the services of a local consultant are being contracted to analyze 1990 GOE population and housing census data.

III. Significant Sector Developments and Issues Related to the Project

Just at the point when RHUDO's dialogue with the BEV relating to its transformation to a second-story financial institution seemed to be at a standstill, direct instructions were issued by President Borja's office that actions started by the BEV had to be successfully concluded.

RHUDO's proposal to transfer the management of 0076 grant funded activities to the Ministry of Finance was approved by the Central Bank's General Manager.

IV. Relevant Developments in Policy Dialogue

See above for details.

V. Highlights of Major Events Accomplishments and Actions Expected During Next Six Months

- Amendment No. 3 to grant agreement executed so that the management of grant funded activities is fully transferred to the Ministry of Finance.
- Process completed and AID IA amendment executed reflecting BEV's transformation to a second-story financial institution capable of managing the FFH transferred from the Central Bank to the BEV.

10-

- Completion of WASH Project TA related to the preparation of a cost accounting manual for the Quito Water Authority.
- Second phase buy-in of services from WOCCU to support the credit union system will have been formally executed and TA activities program will have been fully started.

VI. Review of Last SAR's Uncompleted Actions

Uncompleted actions cited by the last SAR were:

- Conclusion of negotiations with the BEV/JNV, MOF, and BCE relative to the BEV's transformation to a second-story financial institution and the restructuring of the JNV's role.
- Conduct of workshops to familiarize the shelter constituency with the new financial system structure.
- Complete IA and grant agreements restructuring to reflect new institutional relationships and roles.
- Execution of IA amendment to recognize the FFH's transfer from the Central Bank to the BEV and the transfer of grant funded activities management from the Central Bank to the MOF.
- Conduct of national workshops for municipalities, eligible financial entities, builders, etc. on infrastructure project preparation.

Even though a number of actions cited in the previous SAR were not completed, substantial progress was made on each of these actions in the last six months, except that related to the national workshops on project preparation. A management decision was made to postpone these workshops until the results of Ecuador's national and municipal elections were known. This way newly elected municipal officials would be able to benefit from their participation in such workshops.

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PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A B X C

I. BACKGROUND DATA

Project Title: National Shelter Delivery System
 Project Number: 518-0076 (Loan 518-HG-007 A01)
 Date of Authorization: original 08-19-87 last amendment 06-27-89
 Date of Coligation: original 09-10-87 last amendment 08-31-89
 PACD: original 08-31-90 amended to 12-31-92 and extended again to 12/31/95

Implementing Agencies: Central Bank of Ecuador
 Major Contractors: WASH; WOCCU/COLAC
 AID Project Officer: Sonny Low/Renan Larrea
 Status of CPs/Covenants:

Date of Last Evaluation: 01-31-92 Next evaluation: 01-31-93
 Date of Last Audit: 00-00-00 Next Audit: 00-00-00

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 1,000,000 last amend \$ 1,500,000
 Loan: original \$20,000,000 last amend \$35,000,000
 Amount Obligated: DA Grant: original \$ 220,000 last amend \$ 1,500,000
 Loan: original \$10,000,000
 Current FY Oblig: Grant: \$ - 0 -
 Loan: \$ - 0 -
 Amount Committed: Grant - Period: \$ 177,650
 Cumulative: \$ 1,161,874
 Loan - Period: \$ 0
 Cumulative: \$10,000,000

Accrued Expenditures: Grant:
 Period - Projected: \$ 410,000
 Period - Actual: \$ 219,648
 Cumulative: \$ 1,042,062
 Period - Next: \$ 100,000
 Loan:
 Period - Projected: \$ 450,000
 Period - Actual: \$ 444,034.43
 Cumulative: \$ 3,822,177 (*)
 Period - Next: \$ N/A

Counterpart Contribution: Planned: \$10,000,000
 Actual: \$ 3,742,131.16

% LOP Elapsed (Grant): 89%
 % of Total Auth. Oblig. (Grant) 100%
 (Loan) 29% (10,000,000/35,000,000)
 % of Total Oblig. Exp. (Grant) 69%
 (Loan) 38% (3,822,177/10,000,000)
 % of Total Auth. Exp. (Grant) 69%
 (Loan) 11% (*) (3,822,177/35,000,000)

(*) In the last SAR, there was a mistake related to HG-007 loan data which is being corrected by this report.

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	NEXT				% OF		
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	LOP
1. New Construction.	13,780				297	2414	17.5%
2. Home Improvements	10,000				16	598	6.0%
3. Urban Upgrading (**)	42,152				6,868	29,240*	69.4%
	M F	M F	M F	M F	M F	M F	M F
4. Training (persons)							
Long term					0	0	0%
Short term					196	36 268 213	N/A

(**) Water and Sewerage household connections self-financed and developed on the basis of institutional and financial reforms implemented by EMAP-Q and EMA-Q with support of USAID TA through the WASH TA Project. 25,194 and 4,046 sewer connections have been financed from January, 1990 to March, 1992. Data presented herein have been updated by both Water and Sewer Agencies. Previous reports included estimates from such institutions.

III. PROJECT DESCRIPTION

Through this program low-income families in urban areas will gain increased access to upgraded and new shelter financed by public and private sector institutions. The policy agenda and major components are focused on: a) financial policies of the Financial Fund for Housing (FFH); b) expanded private sector low-cost shelter programs; and c) financial management of municipal infrastructure. Expected outputs are about 66,000 new shelter units, home improvements loans, and residential infrastructure connections loans through the investment of \$35 M (loan 518-HG-007), \$10 M local currency counterpart

equivalent, and \$2.9 M in down payments. The program has located a discount window at the Central Bank of Ecuador to discount eligible mortgages, home improvement and urban upgrading loans generated by private/public Intermediary Financial Entities of Ecuador to discount eligible mortgages, home improvement and urban upgrading loans generated by private/public Intermediary Financial Entities (Ifis).

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

This project conforms with continuing Mission interest in supporting GOE efforts to improve the quality of life for low-income families in urban areas, by allowing them to access upgraded and new shelter financed by public and private sector institutions and by financing infrastructure (water and sewer system) improvements. Also, the project conforms with the Mission's strategic objectives and policy reform agenda in promoting substantial policy, institutional, and programmatic changes in housing finance, shelter, and related infrastructure delivery. It complements the efforts of USAID/Ecuador's Water and Sanitation for Ecuadorian Development Project under the family planning and selected health services SO by serving urban residents while the Mission's project targets primarily rural residents.

Furthermore, this project broadens the coverage of the Mission's Policy Dialogue Support Project to include efforts to reform the Ecuadorian housing finance system. Lastly, it will enable AID to complement the variety of assistance being provided by other donors such as the World Bank and the Interamerican Development Bank (IDB) in infrastructure and municipal development assistance.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

A. Shelter Component

The most important achievement has been an intensive policy dialogue with public and private sector parties interested in shelter finance. As it was stated in the

previous reporting period, consensus was reached on the need to put in place structural and institutional reforms to transform the FFH and the BEV/JNV into sound shelter sector institutions and to create a new shelter finance system which can operate effectively under the country's current economic situation.

Special attention was given to assisting the GOE presidential commission, private sector parties, and to the BEV to conduct several studies and identify elements to be included in an action plan for the BEV/JNV's reforms. A previously announced Program Evaluation was also completed during this reporting period. This was to help the BEV/JNV decide upon what had to be done to restructure operations and put into place a new loan discounting mechanism.

In addition, the FFH discounted another US\$ 444,000 (100 loans). USAID approved RFD No.5 and RFD No.6 for US\$1,091,170 in eligible expenditures. After these USAID approvals, there is no outstanding USAID advance left in the FFH to liquidate.

The GOE special commission has continued to develop a set of proposals for a major structural reform of the Ecuadorian financial system. The first proposal (The Law for the Monetary System) has been submitted for public discussion and Congressional approval.

B. The Infrastructure Component

The Empresa Municipal de Agua Potable de Quito (EMAP-Q) continued to consolidate its financial management systems and improve its operational efficiency during the review period. Over 6,800 residential water and sewerage connections were made in low-income neighborhoods of Quito during the review period. These would not have been made without the financial management technical assistance provided by the Project. During this review period, EMAP-Q reached agreement with the Banco del Pichincha, a private commercial bank, to have all branches of the bank collect water tariff charges for EMAP-Q and electronically transfer daily water tariff receipts to EMAP-Q financial accounts. This action improves the efficiency of EMAP-Q financial operations and implements EMAP-Q policy to decentralize and privatize its bill collection services.

Project-assisted work was begun during this review period to prepare and present the EMAP-Q cost accounting system, in the required form of a manual, to the Ecuadorian State Comptroller General (CGE), for its official approval. CGE approval of the accounting manual will pave the way for adoption of the EMAP-Q system by other municipal infrastructure agencies in Ecuador.

The Project sponsored the design of municipal utility performance indicators and collected indicator data from the thirteen municipal water and sewer agencies in the country. The compilation and analysis of these indicators will be presented to the municipalities and used as a baseline for measuring sector performance and diagnostic assessments of performance of selected utilities.

VI. PROGRESS DURING REPORTING PERIOD

A. Housing Finance

Based on previous discussions and agreements with GOE counterparts, USAID has continued with its policy dialogue and support efforts to assist BEV/JNV authorities with their decision to carry out institutional reforms to transform the BEV into a second story lending institution and JNV into a policy making and lending institution for the shelter sector.

In spite of BEV's announcements to move forward in a timely fashion to take actions and make decisions towards making institutional reforms, conduct negotiations related to the implementation of new lending instruments, the use of positive interest rates, and to transform the BEV into an exclusive second story lending institution, the process reached a stand-still. It was necessary for President Borja's advisors (Econ. Patricio Izurieta and Lawyer Luis Veintimilla) to intervene to restart the process described. President Borja's intervention forced the BEV's and JNV's Boards of Directors to approve in (March, 1992):

- a. The creation of a secondary lending unit. This unit is the first step towards the entire transformation of the BEV into a second story lending institution and the creation of a new housing finance system in Ecuador. The unit will

operate with administrative and budgetary independence from the BEV and is expected to be privatized in a mid-term time span.

- b. The transformation of the JNV from a public sector construction entity into a policy and planning institution for the shelter sector.
- c. A two year action plan which includes the overall actions to be taken before the BEV/JNV will rid themselves of direct lending and construction activities. This action plan will be included as an annex to the Implementation Agreement Amendment.
- d. A new Implementation Agreement Amendment drafted in accordance with USAID's suggestions and which includes the above cited action plan.

Mission policy dialogue activities have resulted in many other collateral achievements:

- a. After the GOE decision to create a new shelter finance system through the institutional transformation of the BEV/JNV, and the decision to put in place new administrative, operational and financial conditions such as increasing interest rates to market levels, approving a new viable lending system (dual indexation), private bank representatives have indicated their willingness to support GOE initiatives and have decided to issue revised operational and administrative handbooks previously prepared by the BEV by USAID technical assistance.
- b. Preparation of a draft Project implementation agreement amendment to replace the BCE as the project implementing agency, to formalize the GOE's commitment to the plan of institutional reforms, and to enable the FFH to be transferred from the BCE to the BEV.
- c. The BCE has agreed with the Mission to move the Grant Project executing agency from the BCE to the Subsecretary of Public Credit. A new Project Agreement Amendment has been discussed with MOF officials before it is to be approved and executed.
- d. The GOE has presented to AID a new RFD No.6 to totally liquidate advances from the project's escrow account. This disbursement request will liquidate US\$ 1,091,170.33 in eligible expenditures to finance 313 housing solutions.
- e. A long delayed Project Evaluation was finally completed.
- f. An assessment of the Ecuadorian S&L system was completed in January to gain a better understanding of the system's current financial situation and its shelter activities.
- g. A program financial review was completed in March.
- h. The refinancing of the 518-RG-006(B) loan took place on 01/07/92. This will save the GOE from \$7 to 10 million in interest payments.
- i. FFH interest rates have continued to be revised by the Monetary Board. The FFH applies a bi-weekly floating interest rate fixed at 15 percentage points over the lowest rate paid on savings deposits in the market. Interest now paid on savings is at 39%.

B. Credit Union Activities

Regional and national consensus on issues and approaches critical to sustaining the continued viability of the Ecuadorian credit union system for the future were produced by the eight regional strategic planning seminar/workshops and a national seminar/workshop held in November and December throughout the country. Based upon this credit union consensus, FEOCOAC, the system's federation, has developed a proposal for second phase USAID funding of technical assistance to the Ecuadorian system by an extension of the buy-in of services from a World Council of Credit Unions (WOCCU) Strategic Support Program. Pending is RBUDO/SA's approval of the WOCCU/FEOCOAC proposal for second phase USAID technical assistance support to the credit unions.

C. The Infrastructure Component

Over 6,800 residential water and sewer connections in low-income neighborhoods in Quito were made possible as a result of Project technical assistance to EMAP-Q and EMA-Q (the Quito municipal sewerage company).

Project technical assistance was used to begin preparation and presentation of the cost accounting system of EMAP-Q to the Ecuadorian State Comptroller General for approval and eventual dissemination to other municipal water and sewer agencies in Ecuador.

The Project sponsored the collection of municipal utility performance indicators data, in a survey prepared by the WASH Project, from thirteen Ecuadorian municipal water and sewer companies.

An amendment to the Mission buy-in to the WASH Project for infrastructure component technical assistance was approved and sent during the review period to AID/W for contract negotiation. The amendment will add activities in institutional strengthening, municipal twinning technical assistance, and organizational development for an expanded set of Ecuadorian municipalities.

VII. GENDER CONSIDERATIONS

Shelter credit is available on equal terms to women and men in Ecuador. Ecuadorian law ensures that gender does not preclude access to credit and gives the same rights to unmarried heads-of-households as to those who are married.

During the reporting period, over 15% of the participants (36 out of 232) at the eight regional and national strategic planning seminar/workshops held in November/December under the co-sponsorship of WOCCU, FECOAC, CONCAF, and USAID/Ecuador were women credit union managers, Presidents, and Board of Director members.

VIII. EVALUATIONS AND AUDITS

A program Evaluation conducted in two phases was completed in December/91 and January/92. The evaluation assessed the project's past performance, made recommendations about how to improve the implementation of the program and how to establish a viable and self sustaining shelter finance system in Ecuador. The evaluation of the HG-007 and 0076 Grant Projects identified a series of actions which needed to be taken during the implementation process of institutional, operational, financial, and administrative reforms to put in place a new shelter finance system through the BEV/JNV. Action plans for the institutional reforms and for the implementation of a set of TA support activities were identified by the evaluation.

A project financial compliance review was completed in March, 1992. Objectives of this review were related to obtaining information on the project's financial aspects before the FFH was transferred to the BEV.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

A. Shelter Component

In spite of the GOE's commitment to reform the structural base of the BEV/JNV, to create a second story lending system, and a sector planning and policy institution separated from direct construction and lending, the process pursued by USAID and BEV technical staff members, designated to work as our direct counterparts, reached a standstill at the end of January/92. BEV/JNV authorities and the institutions' Boards did not want to make any decisions about the interest rates to be offered, make decisions related to transforming the BEV into an exclusive second story lending entity or to assume responsibilities for approving an institutional reform plan before the coming presidential elections. Fortunately, President Borja ordered the BEV/JNV to agree to the changes required by USAID as the conditions for the BEV to assume management of the HG-007, and that both institutions work together on an implementation plan which was to be completed by the end of July. This implementation plan has been sent to the Boards of Director of the BEV and JNV and was approved by both.

HG-007 funding and USAID technical assistance are seen as critical to getting the GOE to restructure and implement the operations of the new loan discounting system.

B. The Infrastructure Component

Direct FFH discounts of infrastructure financing made through the Quito water and sewer agencies have been delayed until announced FFH administrative reforms are put in place.

Project assistance for the implementation of an urban upgrading project preparation seminar for the municipal water and sewer companies, was also delayed until FFH administrative reforms are implemented.

C. Credit Union Activities

Acceleration of the process whereby WOCCU and FECOAC will present a proposal for second phase USAID assistance to the credit unions which RHUDO and the USAID Mission can approve so that the proposed technical assistance can be started.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

A. Shelter Component

There are a number of actions proposed to be taken to effectively consolidate the structural changes and institutional reforms which the GOE has agreed to. These are:

- Finalize negotiations related to the Implementation Agreement Amendment and its execution. (RHUDO/SA: R.Larrea, W.Yaeger, G.Deikun; BEV: G.Rodriguez; MOF: W. Andrade; Presidential advisor, F.Izurietta. 05/15/92)
- Project Implementation Agreement Amendment and Grant Agreement Amendment executed. (R.Larrea, G.Deikun. 06/15/92)
- Complete a series of TA activities to support the BEV's transformation including: a mortgage-payment insurance study; activities to familiarize the shelter constituency with the new financial system structure and the mobilization of the private sector intermediary financial market; support of the legal aspects of the operations of the new financial structure (financial, accounting, insurance and guaranties); and the implementation of the new structure of the accounting system. (R.Larrea, G.Deikun. 08/31/92)

B. The Infrastructure Component

- Completion of the preparation and presentation to the CGE of the EMAP-Q cost accounting manual, including a national seminar presenting the cost accounting system (J. Stein, D. Siervo - August, 1992).
- Completion of the analysis of the Ecuadorian municipal water and sewer agency performance indicators, based on the WASH performance indicators survey (J. Stein, D. Siervo - June, 1992).
- National Workshop on Project Preparation. Its realization delayed from the last period, the target audience of the workshop will be all municipalities, eligible financial entities, and engineering consulting firms interested in accessing resources from the FFH (J.Stein, D. Siervo - July, 1992).
- Institutional strengthening technical assistance to ANEMAPA ("Asociación Nacional de Empresas Municipales de Agua Potable y Alcantarillado"). WASH Project consultants will work with ANEMAPA to develop an institutional strategy to strengthen the role of ANEMAPA in the municipal infrastructure sector and to help it become more responsive to its members' needs. Three consultant trips of about two weeks' duration each are planned (J. Stein, D. Siervo - May, 1992).

C. Credit Union Activities

- RHUDO and Mission approval of WOCCU/FECOAC's proposal for second phase technical assistance to the credit union system. (Sonny Low - 04/30/92).
- Implementation of first second phase technical assistance activities. (Sonny Low - 06/01/92).

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A X B ___ C ___

BACKGROUND DATA

Project Title: Technical Training
 Project Number: 518-0044
 Date of Authorization: original 08-16-84 last amendment 05-30-89
 Date of Obligation: original 08-16-84 last amendment 05-30-89
 ACD: original 09-30-89 amended to 09-30-92
 Implementing Agencies: Centro Juvenil San Patricio
 Major Contractors:
 ID Project Officer: Patricio Maldonado
 Status of CPs/Covenants:
 Date of Last Evaluation: 11-30-89 Next evaluation: 12-31-91
 Date of Last Audit: 06-10-90 Next Audit: 12-31-91

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 150,000 last amend \$ 1,166,000
 Amount Obligated: DA Grant: original \$ 150,000 last amend \$ 1,166,000
 Current FY Oblig.: Grant: \$ 0
 Amount Committed: Grant - Period: \$ 0
 Cumulative: \$1,166,000
 Accrued Expenditures: Grant:
 Period - Projected: \$ 0
 Period - Actual: \$ 35,447
 Cumulative: \$1,166,000
 Period - Next: \$ 0
 Counterpart Contribution: Planned: \$1,831,292
 Actual: \$
 % LOP Elapsed: 95%
 % of Total Auth. Oblig. (Grant) 100%
 % of Total Gblig. Exp. (Grant) 95%
 % of Total Auth. Exp. (Grant) 95%

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I. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED				% OF LOP					
	LOP		PERIOD		CUM		NEXT PERIOD							
	M	F	M	F	M	F	M	F						
Permanent students trained for gainful employment.	800	40	800	0	0	775		%						
Community adults trained in technical skills	400	260	20	20	400	260	0	0	0	0	120	68	70	30
Long term	0	0	0	0	0	0	0	0	0	0	0	0	%	%
Short term	400	260	20	20	400	260	0	0	15	10	120	68	70	30
(reporting on long-term and short-term training under each project is mandatory; if none mark zero)														
Teachers in private and public sector schools trained in the use of the competency-based curriculum technology.	520	70	520	0	0	575								

	PLANNED				ACCOMPLISHED			
	LOP		PERIOD		CUM		NEXT PERIOD	
	M	F	M	F	M	F	M	F
4. Students in public and private sector schools trained through the competency-based curriculum.	7,030	2,170	7,030	0	0	7,350		
5. Learning Resources Center equipped and in operation	1	0	1	0	0	1	100%	
6. Private foundation established and in operation to serve as linkage between the CSJP and the local private sector	1	0	1	0	0	1	100%	

III. PROJECT DESCRIPTION

The project has as its main objective the institutional development of the Centro Juvenil San Patricio (CJSP) and is designed to expand and improve the Centro's technical program by means of selective use of technology transfer of a new methodology for teaching and for education administration; improved educational

materials and teacher training program. FY-89 funds were provided to add extension component to the project, in order to disseminate the San Patricio Model into other, public and private institutions, that serve the technical training needs of poor youths throughout Ecuador. A key component of the institution building aspect of the project is the establishment of a viable, permanent linkage with the local private sector to maximize the availability of human and financial resources for the Centro, and to achieve a more practical instruction with a better focus on the real needs of potential employers.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

N/A

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The CJSP has consolidated the process of technology transfer and institution building with public and private institutions that deal with the education and behavioral problems of poor children and youths throughout Ecuador. The CJSP has placed emphasis on the training of teachers of the Ministry of Education and Ministry of Social Welfare schools that deal with poor youths and children with behavioral problems. San Patricio has also consolidated other key elements of the project i.e. the linkage with the private sector through the "Fundación Chicos de la Calle" and the Learning Resources Unit, with emphasis on the production of curriculum modules. The CJSP is also moving ahead with creativity on hard work to consolidate its institutional self-sufficiency, as evidenced by the approval by the Monetary Board of a proposal to obtain a debt for development "cupo". Partial funding for the purchase of debt is being provided by the German Salesian Organization.

VI. PROGRESS DURING REPORTING PERIOD

1. The final impact study and the final audit of the Project were completed during the SAR period.
2. Both, the impact study and the audit were reviewed by the CJSP and comments presented for incorporation into the final reports.

VII. GENDER CONSIDERATIONS

Although the CJSP is mainly oriented to serve technical training needs of out-of-school, male youths and children, it is also providing training in sewing and cooking to a limited number of women from the area of Cumbayá where the Centro is located, particularly during weekends.

VIII. EVALUATIONS AND AUDITS

The CJSP has completed final impact evaluation and a final audit of the project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

No major issues have been identified, pending the results of the final impact evaluation and the final audit.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. None are anticipated as the project has fully spent and/or committed the OPG resources and no further activities will be funded with AID funds.

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Special Development Activity Authority
 Project Number: 518-0004
 Date of Authorization: original 10-01-85
 Date of Obligation: original 10-01-85
 PACD: N/A
 Implementing Agencies: N/A
 Major Contractors: N/A
 AID Project Officer: Patricio Maldonado
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 11-30-89 Next evaluation: TBD
 Date of Last Audit: N/A Next Audit: N/A

FINANCIAL DATA

Amount Authorized: OA Grant: original \$1,156,559
 Amount Obligated: DA Grant: original \$1,156,559
 Current FY Oblig.: Grant: \$ 34,338
 Amount Committed: Grant - Period: \$ 34,338
 Cumulative: \$1,156,559

Accrued Expenditures: Grant:
 Period - Projected: \$ 35,000
 Period - Actual: \$ 46,171
 - Cumulative: \$1,112,921
 - Period-next: \$1,187,921

Counterpart
 Contribution:
 % LOP Elapsed: 50%
 % of Total Auth. Oblig. (Grant) 43%
 % of Total Oblig. Exp. (Grant) 96%
 % of Total Auth. Exp. (Grant) 96%

II. MAJOR OUTPUTS:

Not applicable to this project.

III. PROJECT DESCRIPTION

The purpose of the project is to finance small self-help activities aimed at improving the lives of the rural and/or urban poor with financial support that can have an immediate impact at the community level.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The SDAA project has been identified by the Mission as a target of opportunity project. It was designed to provide with quick financial assistance to poor urban and rural communities to promote income generation activities and technical skills

training aimed at improving communities social and economic development.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

During the reporting period, nine new small community development project throughout Ecuador were approved for SDAA assistance in areas such as micro-enterprise development, agriculture, technical skills training, etc.

The total SDAA funds committed in FY-92 in US\$36,386 with the following geographical distribution:

1. Sierra	US\$ 25,955	71%
2. Coast	2,614	7%
3. Oriente	7,817	21%
TOTAL	US\$ 36,386	

The project has accomplished its objective in reaching poor disadvantaged groups in

Ecuador in urban and rural areas with quick financial assistance that has achieved a positive social and economic impact for at least 7,000 beneficiaries.

VI. PROGRESS DURING REPORTING PERIOD

Same as No. V above

VII. GENDER CONSIDERATIONS

Approximately 40% of SDAA direct beneficiaries are women, principally in the areas of skills training, artisanry, micro-enterprise development, and agriculture.

VIII. EVALUATIONS AND AUDITS

There are none outstanding.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

In response to the problems reflected on the last SAR review, the Mission hired a SDAA Coordinator who will be responsible of the selection, monitoring and follow-up of SDAA projects throughout the country.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

To continue with the implementation of the FY-92 SDAA Program.

PROGRAM ASSISTANCE

Food Aid Program (518-0480)

1/10

PROJECT STATUS REPORT
October 1, 1991 - March 31, 1992

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Food Aid Program
 Project Number: 518-0480
 Date of Authorization: N/A
 Date of Obligation: N/A
 Implementing Agencies: The authorized GOE representatives are the Ministries of Agriculture and Finance. The following agencies are currently implementing local currency activities:

Major Contractors: Public Sector
 - Ministry of Agriculture (MAG)
 - Special Interinstitutional Commission (CEI)

Private Sector
 - Sheep Growers' Association (ANCO)
 - Yucca Producers Association of Manabí (UAPPY-M)
 - Agricultural Research Foundation (FUNDAGRO)
 - Institute for Agricultural Strategies (IDEA)
 - CARE
 - Yuca Producers Association of Esmeraldas (UAPPY-E)
 - Casa Campesina Cayambe
 - Administrative Commission, Puyango Forest
 - Environment and Development Foundation (AMDE)
 - Partners of the Americas
 - Anthropological Program for Ecuador (PAE)
 - PROEXANT
 - Chone Agricultural Cooperative
 - Rural Woman Foundation (FUNDELAM)

AID Project Officer: Mónica Suquilanda
 Date of Last Evaluation: 00-00-00 Next evaluation: 00-00-00
 Date of Last Audit: 12-31-87 Next Audit: 00-00-00

FINANCIAL DATA (518-4801)

Source	Date	Sucres	
		Grant	Loan
Title I, FY85	05/85		1,424,046,489
Title II, CMR, FY86	05/86	11,476,000	
Title I, FY86	06/86		734,258,199
Sugar Quota, FY86	09/86	206,834,147	
Sugar Quota, FY87	03/87	460,000,000	
Section 416, FY87	05/87	1,020,411,255	
Emergency Food Program FY87	05/87	867,000,000	
Food for Progress FY88	03/88	1,325,135,685	
Section 416, FY89	03/89	1,536,817,779	
Food for Progress FY91	02/91	5,435,076,220	
Total Obligations to Date:		10,862,751,086	2,158,304,688

PACD: N/A

II. PROGRAM STATUS:

A. Financial Summary (Local Currency)

Total: PL-480 L/C Available S/.17,896,503,490
 PL-480 L/C Programmed S/.16,136,429,149
 PL-480 L/C Disbursed S/. 8,900,394,672

	<u>Cumulative</u>	<u>Report Period</u>
1. Title I, FY 85		
Available	1,722,328,108	
Programmed (% of avail.)	1,722,328,108 (100%)	
Disbursed (% of avail.)	1,722,328,108 (100%)	
2. Title II, CMR FY 86		
Available	11,476,000	
Programmed (% of avail.)	11,476,000 (100%)	
Disbursed (% of avail.)	11,476,000 (100%)	
3. Title I, FY 86		
Available	862,574,953	
Programmed (% of avail.)	862,574,953 (100%)	
Disbursed (% of avail.)	862,574,953 (100%)	
4. Sugar Quota, FY 86		
Available	234,001,955	
Programmed (% of avail.)	234,001,955 (100%)	
Disbursed (% of avail.)	234,001,955 (100%)	
5. Sugar Quota, FY 87		
Available	460,000,000	
Programmed (% of avail.)	460,000,000 (100%)	
Disbursed (% of avail.)	460,000,000 (100%)	
6. Section 416, FY 87		
Available	1,534,076,506	
Programmed (% of avail.)	1,534,076,506 (100%)	
Disbursed (% of avail.)	1,534,076,506 (100%)	
7. Emergency Food Program, FY 87	1,778,787,339	
Programmed (% of avail.)	1,778,787,339 (100%)	
Disbursed (% of avail.)	1,145,350,788 (63%)	108,000,200 (6%)
8. Food for Progress, FY 88		
Available	1,651,605,132	
Programmed (% of avail.)	1,651,605,132 (100%)	
Disbursed (% of avail.)	1,651,605,132 (100%)	
9. Section 416 (b), FY 89		
Available	3,801,433,425	
Programmed (% of avail.)	3,801,483,425 (100%)	
Disbursed (% of avail.)	1,261,981,230 (33%)	651,170,185 (17%)

10. Food for Progress, FY 91

Available 5,840,170,031
 Programmed (% of avail.) 4,080,095,731 (70%)
 Disbursed (% of avail.) 17,000,000 (0.29%) 17,000,000 (0.29%)

B. Progress Toward Purpose Achievement and Project Officer's Assessment

The purpose of the Food Aid Program is to provide U.S. surplus commodities (e.g. grains) which are in short supply in Ecuador and hold potential for developing commercial trade with the United States. The local currency generations from the sale of these commodities provide support to public and private organizations principally engaged in efforts to increase the production and productivity of small farmers, through the expansion and diversification of agricultural activities, marketing improvements, construction of rural infrastructure, natural resources management and conservation, agricultural research, extension and education; and, development of small-scale agroindustries. The Program also contributes to the Mission's policy dialogue efforts by strengthening the policy analysis and education capabilities of Ecuadorian organizations and by leveraging policy reforms with the potential to significantly improve growth, efficiency and equity of the agricultural sector.

The program currently supports 25 activities, within four priority areas: (1) agricultural and natural resources policy and information (Ministry of Agriculture and IDEA foundation); (2) agricultural production and productivity: yuca, sheep, sorghum, alpaca, aquaculture, cacao, cattle, horticultural crops (various producer associations); (3) agricultural education (Galo Plaza Lasso Agricultural Technical College, Central University); (4) environmental and natural resource management (Puyango Petrified Forest, PROEXANT).

The Program is generally being implemented well. Arrangements for the importation of the 36,000 MT of sorghum under the FY-91 Section 416 agreement are completed, and the last shipment of sorghum arrived in January 1992.

C. Relationship of Program to Strategic Objective

The Program is intended to contribute to achievement of three of the Mission's five Strategic Objectives: those related to increasing income on small and medium farms from selected commodities; to increasing exports and employment; and, to sustainable use of biological resources in selected geographic areas. Local currency proceeds of sales of donated commodities provide supplementary resources to those made available through such bilateral projects as Agricultural Research, Extension, and Education; Agricultural Sector Reorientation, Nontraditional Agricultural Exports, and Sustainable Uses for Biological Resources.

D. Progress During Reporting Period

1. Support to the Agricultural Sector Reorientation Project made it possible for the MAG to obtain several reports regarding the current situation and outlook for basic agricultural products, as well as specific studies about price bands, production and employment policies, and financing for mobilization of rice and hard corn harvests (Summer 91). Additionally, some price and

agroclimatic information bulletins were prepared. A survey to obtain statistics on thirteen agricultural commodities was conducted; 25 meteorological stations in the project area were operating, and several training programs were conducted for MAG personnel.

2. ANCO during the semester delivered 817 improved sheep to indigenous growers, development institutions and private producers, and carried out various training and sheep extension activities.
3. The Rural Land Registry and Titling Project in Pelileo Canton began. Its purpose is to extend and consolidate in the country the working methodologies achieved previously by CATIR.
4. The second phase of the Puyango Petrified Forest has been initiated. The construction of an interpretation center, and a museum, a conference room will complete the infrastructural improvements achieved in the first phase.
5. The first sowings in the four research sites selected by the organic agriculture activity, which is being managed by FUNDAGRO, started; several complementary works such as drainage and irrigation canals, fences, and greenhouses, also began construction.
6. The "Protection and Phytosanitary Quarantine, Environmental Monitoring and Toxic Residue" activity has completed evaluations on phytosanitary issues related to various non-traditional crops. The study design to determine the level of human, soil and water contamination with agrochemicals has concluded.
7. UAPPY-Manabí provided credit of 109 million sucres to its members to help them produce 22,000 qq. of various cassava by products and joint products.
8. The construction of the secondary canal Lluçud - Airón concluded. This complemented the irrigation infrastructure of the Quimiag Project, which has extended irrigation to 494 ha.
9. Implementation of the sorghum promotion activity continued, 15 demonstration semicommercial size plots were established, and the research and dissemination work programmed by FUNDAGRO for this activity has continued.
10. Three new ponds for carp raising in the farm of Aguacoto, which belongs to the State University of Bolívar have been built.
11. In order to improve the diet of some indigenous communities and to increase their incomes, the "high altitude greenhouses" project is experimenting with organic production of various crops, e.g. vegetables, at 3,800 mts above sea level.

E. Evaluations and Audits

Independent auditors are performing "financial evaluations" of five activities that had demonstrated deficiencies in managing funds provided by the program. These activities are: alpaca promotion, aquaculture promotion, Livestock

Marketing Center of Chone, construction of the local road Lumbaqui - San Salvador, and rehabilitation of local roads in Archidona.

The Controller General of the State has been requested to audit some of the activities financed by the Program for 1990 and 1991.

The recommendations made by USAID Controller's Office regarding the operations of the Implementation Secretariat have been implemented.

The Controller General of the State concluded the ASRP audit. Unofficially, several deficiencies in the internal control systems were found, as well as irregularities in the management of funds. The final audit report has not been released, despite the efforts made by the O/CONT.

F. Issues, Problems, Delays and Corrective Actions

1. Importation of 36,000 MT of sorghum under FY 91 Food for Progress Agreement

The sorghum arrived in Ecuador between December and January. Most of it has been sold through AFABA (agroindustrial association). The MAG has not been able to sell the sorghum to small and medium industries which are not associates of AFABA. Therefore, there are 6,200 MT still in storage. The MAG foresees little possibility for selling this remaining sorghum in the near future due to the high production of hard corn. It is MAG's desire to avoid exacerbating the downward pressure on corn prices.

Action: Schedule a working meeting with the Undersecretary of Marketing of MAG and the Manager of AFABA in order to define the procedure for selling the 6,200 MT. Probably, it will be decided to sell the product to the feedgrains industries, other than those using hard corn.

2. Proceeds from the sales of 36,000 MT of Sorghum

All the local currency, product of the sorghum sales made by MAG, has been invested in local capital markets which provide security, and the highest profitability. Nevertheless, since some sorghum remains to be sold, the corresponding amount of LC remains to be generated.

Action: Soon after MAG permits the sale of the 6,200 MT of sorghum, the Implementation Secretariat will recover the currency from sales, based on the agreement made by both parties (seller-buyer).

3. Monitoring the activities financed by the Food Aid Program

The Implementation Secretariat personnel performed 58 visits to Activities financed by the Program, in order to objectively evaluate their development. They also visited areas covered by some financing proposals in order to improve the Secretariat's basis for analysis.

111. PRINCIPAL ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Assist the MAG in selling the 6,200 MT of sorghum, and collecting the revenues from this sale.
2. Settle the FY 1991 36,000 MT of sorghum donation under Food for Progress.
3. Define new priority areas for cooperation under the Food Aid Program. They will be presented to new authorities in the GOE and particularly to the new Minister of Agriculture and Livestock.
4. Analyze the requests which have been presented to the PL-480 Secretariat for financing under the latest donation of sorghum.
5. Carry out evaluations of "Sheep Promotion" implemented by ANCO and "Sprinker Irrigation on Small Parcels in Quimiag" projects.

SARPL480.MFH

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DATE: MARCH 31, 1992

D & S MONTHLY STATUS REPORT

FY-92 OYB		STATUS REPORT AS OF March 31, 1992				
D AND S ARDN ACCOUNT (518-0000-01)		(1)	(2)	(3)	(2+3)	(4)
PURPOSE	AMOUNT PLANNED	TECHNICAL OFFICE	OBLIGATED TO DATE	RESERVED TO DATE	TOTAL	BUDG. ALLOW TO DATE
1. DEVELOPMENT OF M&E PLANS (GENERAL)	28,640	PPD	0	0	0	28,640
2. US/PSC ADMIN. MGMT. CONSULTANT	11,360	RCO	0	11,360	11,360	11,360
3. DESIGN OF AG. SECT. DEV. PROG.	50,000	ANRO	0	0	0	0
4.	0		0	0	0	0
5. AMOUNT FOR POSSIBLE RE-PROGRAMMING	0					0
TOTALS	90,000		0	11,360	11,360	40,000
PERCENTAGES	100.0%		0.0%	12.6%	12.6%	44.4%

FY-92 OYB		STATUS REPORT AS OF March 31, 1992				
D AND S HE ACCOUNT (518-0000-02)		(1)	(2)	(3)	(2+3)	(4)
PURPOSE	AMOUNT PLANNED	TECHNICAL OFFICE	OBLIGATED TO DATE	RESERVED TO DATE	TOTAL	BUDG. ALLOW TO DATE
1. ASSESSMENT OF HEALTH CARE FINANCING.	20,000	FHO	0	0	0	20,000
2. M & E SPECIALIST	15,600	PPD	0	0	0	0
TOTALS	35,600		0	0	0	20,000
PERCENTAGES	100.0%		0.0%	0.0%	0.0%	56.2%

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PAGE 7						
STATUS REPORT AS OF March 31, 1992						
FY-92 OYB DARD S PN ACCOUNT (518-0000.03)						
PURPOSE	(1) AMOUNT PLANNED	TECHNICAL OFFICE	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(2+3) TOTAL	(4) BUDG. ALLOW TO DATE
1. ASSESSMENT FOR CONTRACEPTIVE SOCIAL MARKETING.	50,000	FHO	0	0	0	50,000
2. ASSISTANCE TO NGO BOARDS	25,000	PPD	0	0	0	0
TOTALS	75,000		0	0	0	50,000
PERCENTAGES	100.0%		0.0%	0.0%	0.0%	66.7%

PAGE 8						
STATUS REPORT AS OF March 31, 1992						
FY-92 OYB DARD S EHR ACCOUNT (518-0000.04)						
PURPOSE	(1) AMOUNT PLANNED	TECHNICAL OFFICE	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(2+3) TOTAL	(4) BUDG. ALLOW TO DATE
1. EVALUATION OF LAC/TE AND PROJECT FUNDED PARTICIPANTS.	10,000	GDO	0	0	0	0
2. DESIGN OF A DI/AOJ PROJECT.	60,000	GDO	0	32,500	32,500	39,360
3. SUPPORT FOR THE AOJ LAWYERS/JUDGES WORKING GROUP.	12,500	GDO	0	0	0	12,500
4. DEVELOPMENT OF M&E PLANS (GENERAL)	11,360	PPD	0	0	0	0
5. ASSISTANCE TO NGO BOARDS	20,000	PPD	0	0	0	0
6. COMPLETE HOST COUNTRY CONT. AUDIT.	21,140	CONT	21,140	0	21,140	21,140
TOTALS	135,000		21,140	32,500	53,640	73,000
PERCENTAGES	100.0%		15.7%	24.1%	39.7%	54.1%

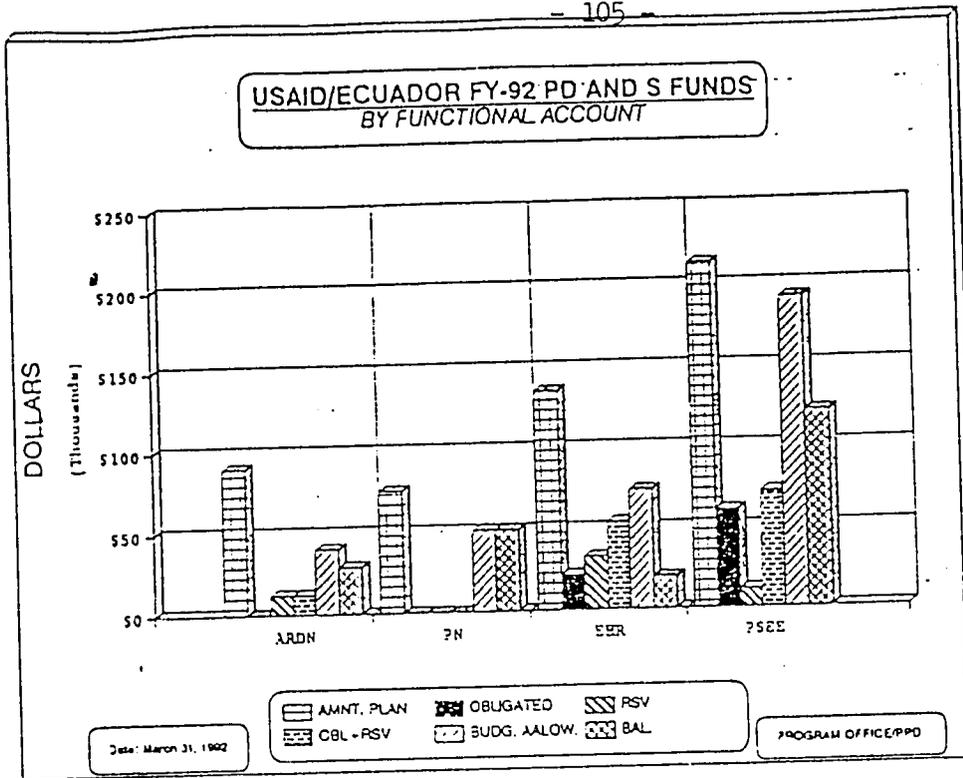
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92 OYS
AND S RESE ACCOUNT (518-0000-05)

STATUS REPORT AS OF March 31, 1992

PURPOSE	(1) AMOUNT PLANNED	TECHNICAL OFFICE	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(2+3) TOTAL	(4) BUDG. ALLOW TO DATE
1. UNIVERSITY INTERN FOR PPD.	27,300	PPD	15,500	0	15,500	27,300
2. DESIGN OF A DI AOJ PROJECT.	30,000	GDO	0	0	0	30,000
3. SUPPORT FOR AOJ LAWYERS/JUDGES WORKING GROUP.	12,500	GDO	0	0	0	12,500
4. STUDIES FOR THE EAI IN THE ANDEAN MARKET	23,594	ETIO	0	0	0	23,594
5. STUDIES FOR TOURISM DEV.	25,000	ETIO	0	0	0	25,000
6. ANALYSIS OF 1990 GOE CENSUS OF POPULATION AND HOUSING.	12,000	RHUDO	0	11,000	11,000	12,000
7. TULA-WID-RHUDO SPONSORED REGIONAL SEMINAR ON WOMEN IN LOCAL DEV. QUITO	10,000	RHUDO	0	0	0	10,000
8. ASSISTANCE TO NGO BOARDS	0	PPD	0	0	0	0
9. MONITORING AND EVALUATION SPECIALIST.	0	PPD	0	0	0	0
10. COMPLETE HOST COUNTRY CONT. AUDIT.	41,889	O/CONT	41,889	0	41,889	41,889
11. RESPONDACON II CONFERENCE	2,717	O/CONT	2,716	0	2,716	2,717
12. MUNICIPAL DEVELOPMENT PP.	28,500	RHUDO	0	0	0	28,500
13.	0		0	0	0	0
14.	0		0	0	0	0
15. AMOUNT FOR POSSIBLE RE-PROGRAMING.	0		0	0	0	0
TOTALS	213,500		60,105	11,000	71,105	191,500
PERCENTAGES	100.0%		28.2%	5.2%	33.3%	89.7%

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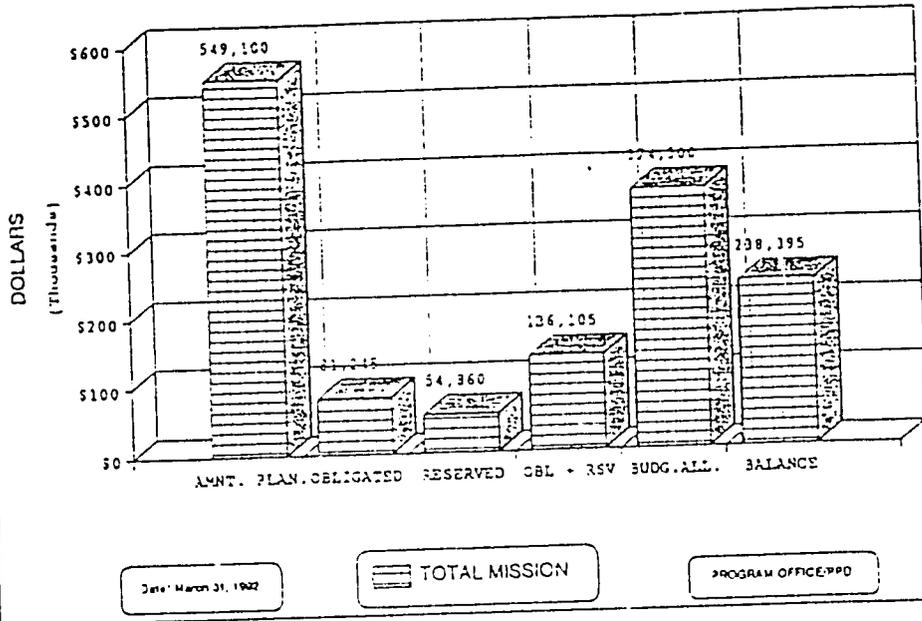
STATUS REPORT AS OF March 31, 1992

1992 OYS
PD AND S BY FUNCTIONAL ACCOUNT

PURPOSE	(1) AMOUNT PLANNED	TECHNICAL OFFICE	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(2+3) TOTAL	(4) BUDG. ALLOW TO DATE
1. PD&S ARDN 518-0000.01	90,000		0	11,360	11,360	40,000
2. PD&S EE 518-0000.02	35,600		0	0	0	20,000
3. PD&S PN 518-0000.03	75,000		0	0	0	50,000
4. PD&S EER 518-0000.04	135,000		21,140	32,500	53,640	73,000
5. PD&S PSEE 518-0000.05	213,500		60,105	11,000	71,105	191,500
6. PD&S CS 518-0000.06	0		0	0	0	0
TOTALS	549,100		81,245	54,860	136,105	374,500
PERCENTAGES	100.0%		14.8%	10.0%	24.8%	68.2%

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USAID/ECUADOR FY-92 PD AND S FUNDS
MONTHLY STATUS REPORT



STATUS REPORT AS OF March 31, 1992

FY-92 OYB
PD AND S ACCOUNTS BY TECHNICAL OFFICE

PURPOSE	(1) AMOUNT PLANNED	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(2+3) TOTAL	(4) BUDG. ALLOW TO DATE
1. PD&S ANRO.	50,000	0	0	0	0
2. PD&S ETIO.	48,594	0	0	0	26,594
3. PD&S FEO.	70,000	0	0	0	70,000
4. PD&S GDO.	125,000	0	32,500	32,500	94,500
5. PD&S REUDO.	50,500	0	11,000	11,000	50,500
6. PD&S PPD - O/CONT. - RCO	195,006	31,245	11,360	92,605	133,046
TOTALS	549,100	31,245	54,860	136,105	374,500
PERCENTAGES	100.0%	14.3%	10.0%	24.8%	68.2%

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TABLE VII - SCHEDULE OF EVALUATIONS COMPLETED AND PLANNED
(FY 1992, FY 1993, AND FY 1994)

USAID/Ecuador : or AID/W Office: _____

Evaluation Officer: Paula Goddard

Title: Chief, Program and Project Development Office

Evaluation Activities (1)	Date of Evaluation (2)	Date Sent to AID/W (3)	PACD (4)	Funding Level (5)
Non Traditional Agricultural Exports (518-0019)	10-92	N/A	08-30-94	_____
Trade and Investment (518-0094)	09-93	N/A	09-30-97	\$70,000
Agricultural Sector Reorientation (518-0051)	06-92	Not completed	12-31-94	\$60,000
Agricultural Research, Extension and Education (518-0068)	None planned	N/A	12-31-94	N/A
Fiscal Administration Development (518-0042)	07-92	N/A	07-31-92	\$58,000
Agricultural Education II (518-0082)	07-92	N/A	07-20-94	\$25,000
Malaria Control (518-0049)	06-92	N/A	02-29-92	\$45,000
Private Sector Financing and Health Care (518-0060)	11-91	07-15	12-31-91	\$50,000
Child Survival and Health (518-0071)	06-93	N/A	12-31-94	\$80,000
Water and Sanitation for Health and Ecuadorian Development (518-0081)	5-92	N/A	12-31-93	\$45,000

TABLE VII - SCHEDULE OF EVALUATIONS COMPLETED AND PLANNED
(FY 1992, FY 1993, AND FY 1994)

USAID/Ecuador : or AID/W Office: _____

Evaluation Officer: Paula Goddard

Title: Chief, Program and Project Development Office

Evaluation Activities (1)	Date of Evaluation (2)	Date Sent to AID/W (3)	PACD (4)	Funding Level (5)
Health and Family Planning (518-0084)	N/A	N/A	09-30-97	N/A
Cholera Reponse in Affected Rural Areas (518-0108)	04-92	07-15-93	08-30-92	\$20,000
Drug Information and Public Awareness (518-0064)	03-94	N/A	04-01-94	\$80,000
Culture of Rejection Toward Narcotrafficking (518-0083)	10-91	07-15-92	05-31-92	\$10,000
Andean Peace Scholarship Program (518-0067)	10-91 - 06-93	N/A	12-31-92	Evaluation Funded by LAC
Ecuadorian Development Scholarship Program (518-0091)	09-93	N/A	09-30-96	\$30,000
Regional Technical Aid Center II (518-0095)	10-93	N/A	09-24-96	\$45,000
Electoral Education and Civic Training (518-0109)	07-92	N/A	09-30-92	\$10,000
LAC Training Initiatives II (518-0640.11)	09-94	To be carried out by LAC Bureau	To be carried out by LAC Bureau	To be carried out by LAC Bureau
Environmental Educational (518-0079)	03-92	Not Final	07-93	\$20,000

TABLE VII - SCHEDULE OF EVALUATIONS COMPLETED AND PLANNED
(FY 1992, FY 1993, AND FY 1994)

USAID/Ecuador : or AID/W Office: _____

Evaluation Officer: Paula Goddard

Title: Chief, Program and Project Development Office

Evaluation Activities (1)	Date of Evaluation (2)	Date Sent to AID/W (3)	PACD (4)	Funding Level (5)
Sustainable Uses for Biological Resources (518-0069)	03-94	N/A	09-15-97	\$80,000
Conservation of Biological Resources in the Galapagos (518-0107)	03-93	N/A	09-30-94	To be financed by Grantee as counterpart
Policy Dialogue Support (518-0089)	09-92	N/A	09-30-94	\$45,000
National Shelter Delivery System (518-0076)	01-92	07-15	12-31-95	\$50,000
Technical Training (518-0044)	12-91	07-15	09-30-92	\$66,000
Special Development Activity Authority (518-0004)	TBD	N/A	N/A	

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