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USAID/Ecuador

SEMI-ANNUAL REPORT

April 1, 1993 - September 30, 1993

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MISSION DIRECTOR'S OVERVIEW

- A. Portfolio Overview
- B. Financial Summary Table
- C. Pipeline Analysis

**USAID Ecuador Portfolio Review
April 1, 1993 - September 30, 1993**

I. Mission Director's Overview

A. Introduction

The USAID/Ecuador fall semi-annual portfolio review (SAR) for the period April 1 through September 30, 1993, was held from November 15 to 23, 1993. Review sessions, organized by strategic objective (SO), were held, with a wrap-up session on the final day. All sessions were chaired by the Mission Director and LAC/DR was represented by Finance Officer Gordon Bertolin.

Major themes and issues of the semi-annual review included:

- the reorganization of mission SOs in light of the budgetary and personnel constraints;
- the lack of formal Section 599 guidance;
- the refocusing of project portfolios more toward a policy advocacy role and less toward direct service delivery systems;
- endowment fund creation and management;
- the management of Regional projects;
- sustainability of public sector institutions and NGOs;
- greater collaboration with other donors; and
- an increased Mission emphasis on project implementation.

The Mission has a plan in place to reduce the Mission's management units. At the end of the SAR period which coincided with the end of FY-93, the Mission's portfolio was comprised of twenty active projects, compared to twenty-five at the end of FY-92. Overall, USAID/Ecuador considers its project portfolio to be sound, with the majority of graded active projects receiving an "A" rating and only two "C" ratings.

B. Portfolio Overview

Since the current GOE administration began in August 1992, important progress has been made in lowering inflation, increasing international reserves, reducing public sector employment, and implementing key structural adjustments. However, reform momentum has slowed substantially during the reporting period and reaching key agreements with the International Monetary Fund (IMF) and private creditors is becoming increasingly more difficult. Meanwhile, large Interamerican Development Bank (IDB) and World Bank policy-based programs cannot move forward because there is not an IMF agreement. The Mission has therefore decided to focus its efforts on policy reform and advocacy, a leveraging strategy that will enable the GOE to take advantage of the more significant funds available through the large multilateral donors.

Building on the ongoing Administration of Justice project, a new US\$ 1.0 million Justice Reform Support project provides the basis for the final design, ideally in FY-94, of a larger Justice Sector Reform Program. In addition, USAID/Ecuador signed two agreements in support of its environmental SO: the US\$ 2.0 million Environmental Education OPG with Fundación OIKOS, a local NGO; and a US\$ 274,500 buy-in with the World Resources Institute to assist in the development of an Environmental Action Plan for Ecuador.

During the reporting period the Mission consolidated the program and refocused activities from five SOs to four. This action was taken based on Agency-wide reductions in program and operating expenses anticipated for coming years. The new SOs correspond to the Agency's four global priorities for sustainable development -- economic growth, population and health, democracy, and environment. The newly consolidated and refocused SOs are as follows:

- SO1: Increase sustainable economic growth for a broad base of the population. (Trade and Investment, Agriculture, and Policy Dialogue Portfolio)
- SO2: Increase use, effectiveness and sustainability of family planning and selected health services. (Health and Population Portfolio).
- SO3: Improve the responsiveness of selected democratic institutions with greater citizen participation. (Democratic Initiatives Portfolio).
- SO4: Promote sustainable use of the natural resource base. (Environmental Portfolio).

C. Success Stories

Strategic Objective No. 1:

Non-Traditional Agricultural Exports (NTAE). Particularly innovative during the reporting period has been the linking of the NTAE project and the Mission's family planning project. PROEXANT and CEMOPLAF, the two respective NGO implementing organizations, are jointly managing a family planning program at 13 flower plantations, involving over 1000 workers, the majority of whom are women. The NTAE project has also achieved much in terms of evaluating its environmental impacts, pursuing sustainability, and continuing training in technology transfer, post-harvest handling, and quality control.

Policy Dialogue Support Project (PDSP). The PDSP continues to nourish and invigorate the consensus that is imperative for ongoing economic reform. Through a variety of economics training, consensus-building, and strategic-planning activities, the project

has directly contributed to the establishment of an informed process and debate concerning policy reform and has indirectly assisted in the implementation of selected policy reforms.

Special Development Activity Authority (SDAA). In FY93, \$150,000 in grants was given to nineteen impoverished communities for projects in micro-enterprise development, agriculture and livestock, artisanry, and technical skills training. Each of these grants, though small (under \$7,500), has had a significant impact in broadening the base of economic development. The project is an excellent example of a direct-impact, quick response, and low management requirement mechanism for the delivery of development assistance at the grass roots level.

Strategic Objective No. 2:

Health and Family Planning. Since the Mission's family planning activities began, the contraceptive prevalence rate has increased from 35 to 55 percent. It should also be noted that Ecuador's overall population growth rate dropped from 3% in the 1970s to 2.3% in the 1990s. Institutionally, the implementing NGOs have made huge strides toward financial self-sufficiency as evidenced through a cost-recovery rate of 50 percent through fee structures and cross-subsidies, even after expanding coverage to a national level with over 40 clinics. Both NGOs are wisely developing endowment plans, investing in property, and devising innovative service delivery mechanisms.

Strategic Objective No. 3:

Administration of Justice (AOJ). The Mission's initial efforts in the area of the administration of justice have been highly successful in achieving the following: an unprecedented constitutional reform to restructure the court system and provide for an independent judiciary; the establishment of private "working groups" of lawyers in Quito and Guayaquil to promote further sector reforms; the drafting of enabling legislation; and the creation of a non-governmental organization to promote public debate and raise public awareness about the need for reform in the justice sector. During the SAR period, the USAID also completed the analytical framework necessary for the design of a broader effort in the area of justice sector reform.

Andean Peace Scholarship Program and Ecuadorian Development Scholarship Program (CLASP II). Through both short- and long-term training in the U.S., both programs have equipped Ecuadorian leaders and potential leaders with technical skills and academic training in the Mission's priority development areas. The projects have been particularly successful at organizing the trainees into technical associations on return to Ecuador to continue community

development and technical activities. In addition, both programs have far exceeded the Congressionally-mandated participation levels for women.

Strategic Objective No. 4:

Environmental Education (III) OPG. The project, which terminated during the reporting period, sought to increase public awareness concerning the deterioration of the natural resource base crucial to the country's development. With a relatively small amount of money (\$1.1 million over a five-year period) the project achieved tremendous success, particularly in the areas of environmental education and in the creation of a document resource center. The project provides an excellent model of what can be achieved in the field of environmental education with a relatively small amount of money.

D. Problem Projects

The theme that links the projects identified as "Problem Projects" is the weak or deficient institutional capacity of the cooperating institutions, in spite of many clear substantive accomplishments of these organizations. The lesson for the institutions and USAID is that administrative and financial management, as well as programmatic impact, must be pursued and monitored.

Child Survival and Health (518-0071) (Graded a "C" project)

It has become evident that the Ministry of Health (MOH), particularly at the provincial levels, presently does not possess the capacity to execute the authorized project budget at a rate and in a manner acceptable to USAID. In addition, both external and internal evaluations have shown that the scope and content of USAID's project is perceived as overly ambitious, requiring further focus and concentration. The most recent project evaluation was completed during this SAR period and the upcoming redesign will be based on the results of the evaluation, refocusing the project to pursue an increased reliance on NGOs while diminishing the role of the MOH.

Agricultural Research, Extension, and Education (AREE) (518-0068)
(Graded a "C" project)

This project, implemented by the Fundación para el Desarrollo Agropecuario (FUNDAGRO), has been an extremely productive one in terms of supporting a steady flow of productivity-increasing, cost-reducing technologies to a broad variety of farmer groups, with a special emphasis on small- and medium-sized producers. In addition, the project has successfully incorporated women, who have become key beneficiaries. However, recent allegations concerning the misuse of the endowment, project vehicles, employee loan funds, and abuse of authority by a very small number of FUNDAGRO employees

threaten the viability of the implementing institution. An investigation by the RIG was conducted during the reporting period and it has been proposed that an independent commission be established to review the RIG findings, conduct additional investigations, and recommend corrective actions.

Drug Information and Public Awareness (518-0064.2) (Project terminated during the reporting period -- not graded.)

This project, which was terminated during the reporting period, was designed to increase public awareness about the problems of drugs and drug abuse. During the life of the project, the implementing foundation accomplished significant achievements, including the passage of a new narcotics law and innovative radio and other drug prevention information programs. However, during the past six months the foundation has gone through an organizational crisis. There was a serious lack of separation of powers between the organization's executive director and president of the board of directors, threatening the credibility of the board. The ensuing efforts to correct the discrepancies became confounded by new appointments and a series of resignations. Major accounting and financial management problems made it difficult to complete a scheduled audit. There continued to be serious institutional weaknesses and, in the end, the crisis was not resolved satisfactorily. The Cooperative Agreement was terminated by USAID.

E. Mission Issues

Effects of Budgetary Cutbacks

Budgetary and personnel cuts have had a pervasive impact on the Mission's activities, the number of SOs, and mode of assistance. The consolidation of strategic objectives and the decision to eliminate the proposed Health Care Financing and Agricultural Sector Development projects are the most visible manifestations of the reductions. The Mission made a decision to de-emphasize direct service delivery and emphasize a strategy of supporting policy reforms. It is hoped that this strategic change will enable the Mission to utilize its limited resources more effectively and also to help the GOE leverage the substantial funds available from the multilateral donors.

Section 599

The Trade and Investment Project is the centerpiece of the Mission's SO1 and is designed to help promote economic growth. However, over the past year, without clear and definitive guidance from USAID/W concerning Section 599 of the 1993 Appropriations Act, it has been difficult for the Mission and counterparts to plan and carry out investment and export promotion activities in support of the project. The Mission and counterparts have attempted to fully comply with what we believe is the intent of Section 599. We have worked with the General Counsel and other offices to interpret the guidances and adopt our activities accordingly. New Section 599

guidelines may further limit USAID investment-promotion activities. This will make it more difficult for USAID to achieve one of its most important goals in Ecuador of "promoting open market and broad-based economic growth with increased U.S. exports and investment." Clarification on interpretation of the currently available draft guidance, as well as formal Section 599 guidance, is urgently needed from USAID/W.

Management Issues in Regional Projects

The financial viability of the RTAC-II project is of concern and the problems facing this project in Ecuador are shared with missions throughout Latin America. The main problem is that the publisher with whom RTAC contracts has been distributing the books through the distribution network established by the project coordinator at prices much lower than those offered to the project. While this can be considered positive competition, it presents several problems to the project. First, the publisher's actions represent a breach of contract between the project and the publisher. Second, it is undermining the sustainability of the program by reducing both sales and sales revenues. Finally, though the books may be provided to students at a lower cost than that offered by the project, the alternate method provides no support services to faculty through training seminars on methodology, teaching techniques and evaluation. The financial problem described above is exacerbated by the ten percent surcharge attached to the cost of each book to finance the operation of the RTAC office in Mexico.

Endowments

The creation and use of endowments is another issue of general concern to the Agency. The Mission has embarked upon the creation of a Mission policy framework for the establishment of endowments. As the Mission seeks to help its counterparts become financially sustainable institutions, some questions have arisen concerning the creation of endowments which will conform both to Ecuadorian and U.S. law. It would be helpful if USAID/W would share other countries' experiences with endowments with the missions.

F. Financial Summary

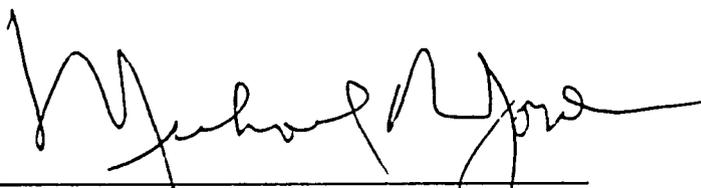
As shown in the attached Tables, the Mission's accrued expenditures for the period April 1 - September 30, 1993 were US\$ 16.2 million, compared to US\$ 6.5 million in the previous semester. The accrued expenditures for the semester were 95 percent of the level projected at the start of this SAR period. The Mission expects to increase further the rate of expenditures in FY-94, mainly through the re-design of the Child Survival Project (518-0071), which is expected to result in a significantly improved implementation process.

G. Pipeline Analysis/Age of Portfolio

The Mission's portfolio is largely a young portfolio, with 12 of 20 active projects obligated in FYs 1990-1993. The LOP obligations for these 12 projects equal 40.8 percent of the Mission's total LOP obligations as of September 30, 1993. Unexpended funds from FY-89 and prior years amount to only US\$ 295,700 or a marginal 1.1 percent of the total pipeline.

II. Monitoring and Evaluation

With the consolidation of five SOs into four and the refocusing of activities under the SOs around policy reform and decreased service delivery, the Mission's strategic objective trees, indicators, and monitoring and evaluation plans will need to be revised accordingly. These modifications will be made in connection with the submission of the FY 95-96 Action Plan.



Michael Jordan
Acting Mission Director
USAID/Ecuador

Clearance: A/DDir:JBorns *JB* 1-12

FINANCIAL SUMMARY OF USAID/ECUADOR PORTFOLIO
 APRIL 1, 1993 - SEPTEMBER 30, 1993
 (\$000)

(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 PACD	% OF LOP ELAPSED	% OBLIG EXPEND	AUTH. LOP AMOUNT	CURRENT OBLIG. TO DATE	CUMUL. AMOUNT OBLIG.	MORTGAGE PIPELINE	BEGINNING FY	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE (NEXT SEM.)	PLANNED EXPEND.

ACTIVE PROJECTS

Strategic Objective No. 1

518-0019	Non-Traditional Ag. Exports (G)	A	09-13-84	08-30-94	90%	93%	7,260	0	7,115	145	2,166	780	794	102%	6,592	523	783
518-0019	Non-Traditional Ag. Exports (L)	A	09-13-84	12-31-90	100%	100%	7,500	0	7,475	0	0	0	0	N/A	7,475	0	0
518-0094	Trade and Investment Project	B	08-30-91	09-30-97	29%	36%	10,000	500	7,441	2,559	5,972	3,085	997	32%	2,707	4,734	3,086
518-0051	Agri. Sector Reorientation (G)	B	07-30-85	12-31-94	87%	89%	11,655	1,074	11,500	155	943	251	338	135%	10,240	1,260	340
518-0051	Agri. Sector Reorientation (L)	B	07-30-85	12-31-94	87%	100%	1,400	(4)	1,396	4	4	0	0	N/A	1,396	0	0
518-0068	Agri. Research/Extension/Education (G)	C	05-27-88	12-31-94	81%	91%	7,000	0	7,000	0	1,721	385	392	102%	6,380	620	350
518-0082	Agricultural Education II (G)	A	07-20-89	12-31-97	50%	100%	1,000	0	1,000	0	7	2	2	100%	1,000	0	0
518-0089	Policy Dialogue Support (G)	A	09-28-90	09-30-95	60%	54%	3,792	75	3,567	225	2,156	339	461	136%	1,910	1,657	380
518-0004	Special Development Activity	A	10-01-85	N/A	N/A	95%	1,379	148	1,378	1	30	70	87	124%	1,305	73	60
Subtotal Strategic Objective 1					81%	81%	50,986	1,793	47,872	3,089	12,999	4,912	3,071	63%	39,005	8,867	4,999

Strategic Objective No. 2

518-0084	Health and Family Planning II	A	08-27-91	09-30-97	34%	43%	10,500	2,500	5,998	4,502	1,993	800	572	72%	2,604	3,394	2,000
518-0071	Child Survival and Health (G)	C	07-14-89	12-31-94	77%	47%	12,200	998	11,700	500	7,152	1,583	1,152	73%	5,507	6,193	2,330
518-0081	Water and Sanitation for Health (G)	B	09-22-89	12-31-93	94%	71%	4,000	400	3,233	767	1,441	361	409	113%	2,288	945	500
518-0108	Cholera Control Care	A	08-30-91	12-31-93	89%	90%	1,420	493	1,420	0	307	157	501	319%	1,271	149	493
518-0093	Private Pharmaceutical Distribution (G)	A	09-22-90	12-30-93	92%	83%	232	0	232	0	81	46	36	78%	192	40	49
518-0076	National Shelter Delivery System	B	09-10-87	12-31-95	73%	62%	2,100	438	1,938	162	485	0	51	N/A	1,204	734	223

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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 P/CD	% OF LOP ELAPSED	% OBLIG. EXPEND.	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TO DATE	CUMUL. AMOUNT OBLIG.	MORTGAGE PIPELINE	BEGINNING FY SEMESTER EXPEND.	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE EXPEND.	ENDING PIPELINE (NEXT SEM.)	PLANNED EXPEND.
Subtotal Strategic Objective 2																	
							53X 30,452	4,829	24,521	5,931	11,459	2,947	2,721	92X 13,066	11,455	5,595	

Strategic Objective No. 3																	
518-0091	Ec. Development Scholarship Program	A	09-30-91	09-30-96	40X	47X	6,600	1,935	3,696	2,904	1,258	535	868	162X 1,732	1,964	475	
518-0095	Regional Technical Aid Center 11	A	08-29-91	09-24-96	41X	85X	1,514	534	1,073	441	43	212	404	191X 917	156	172	
518-0115	Administration of Justice	B	06-04-92	12-30-93	83X	47X	500	0	400	100	392	72	113	N/A 187	213	140	
518-0105	Justice Sector Reform	M/A	09-24-93	09-22-95	0	0X	1,000	500	500	500	0	0	0	N/A 0	500	320	
518-0067	Andean Peace Scholarship Program (G)	A	09-21-87	09-30-93	100X	95X	6,879	0	6,520	360	446	60	76	N/A 6,172	348	14	
Subtotal Strategic Objective 3																	
							74X 16,493	2,969	12,189	4,305	2,139	879	1,461	166X 9,008	3,181	1,121	

Strategic Objective No. 4																	
Subtotal Strategic Objective 4																	
518-0069	Sustainable Uses of Biological Resources	B	08-30-91	09-15-97	34X	69X	9,000	1,318	5,302	3,698	3,149	540	1,600	296X 3,651	1,651	700	
518-0107	Charles Darwin Foundation	M/A	09-30-91	09-30-94	57X	23X	500	300	500	0	124	26	38	146X 114	386	150	
518-0117	Environmental Education (OIKOS) (G)	M/A	09-24-93	09-23-94	0X	0X	300	300	300	0	0	0	0	N/A 0	300	180	
Subtotal Strategic Objective 4																	
							62X 9,800	1,918	6,102	3,698	3,273	566	1,638	289X 3,765	2,337	1,030	
SUBTOTAL STRATEGIC OBJECTIVES																	
							72X 107,731	11,509	90,684	17,023	29,870	9,304	8,891	96X 64,844	25,640	12,745	

TOTAL ACTIVE PROJECTS																	
							72X 107,731	11,509	90,684	17,023	29,870	9,304	8,891	96X 64,844	25,640	12,745	

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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 PACD	% OF LOP	% OBLIG.	AUTH. LOP	CURRENT FY OBLIG.	CUMUL. AMOUNT	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	PLANNED EXPEND. (NEXT SEM.)
ACTIVE PROGRAM																	
518-0116	Economic Stabilization Program III (G)	A	09-30-92	N/A	N/A	100X	6,200	0	6,200	0	0	0	0	N/A	6,200	0	0
TOTAL ACTIVE PROGRAM																	
						100X	6,200	0	6,200	0	0	0	0	N/A	6,200	0	0
TERMINATED PROJECTS																	
518-0042	Fiscal Administration Development (G)	N/A	03-29-85	06-30-93	100X	99X	4,800	0	4,502	298	205	0	40	N/A	4,462	40	0
518-0042	Fiscal Administration Development (L)	N/A	03-29-85	06-30-93	100X	100X	2,250	(150)	1,806	444	324	0	0	N/A	1,806	0	0
518-0064	Drug Information & Public Awareness (G)	C	04-06-90	08-31-93	100X	97X	1,125	120	941	184	37	122	94	77X	911	30	0
518-0079	Environmental Education (G)	A	07-22-88	07-21-93	100X	99X	1,100	0	1,100	0	139	49	51	104X	1,093	7	0
TOTAL TERMINATED PROJECTS																	
						99X	9,275	(30)	8,349	926	705	171	185	108X	8,272	77	0

PIPELINE ANALYSIS
USAID/ECUADOR
SEPTEMBER 30, 1993

PROJECT NO.	PROGRAM/ PROJECT TITLE	CUMULATIVE OBLIGATIONS	FY OBLIGATIONS						CUMULATIVE PIPELINE	PIPELINE AGING						
			THRU 1988	1989	1990	1991	1992	1993		THRU 1988	1989	1990	1991	1992	1993	
STRATEGIC OBJECTIVE NO. 1																
518-0019	Non-Traditional Ag. Exports (G)	7,115	2,616	1,851	2,355	293	0	0	523	0	6	308	209	0	0	
518-0019	Non-Traditional Ag. Exports (L)	7,475	7,475	0	0	0	0	0	0	0	0	0	0	0	0	
518-0094	Trade and Investment Project	7,441	0	0	0	2,109	4,832	500	4,728	0	0	0	1,003	3,291	434	
518-0051	Agr. Sector Reorientation (G)	11,500	7,100	300	800	976	1,250	1,074	1,260	0	5	41	67	183	964	
518-0051	Agr. Sector Reorientation (L)	1,396	1,396	0	0	0	0	0	0	0	0	0	0	0	0	
518-0068	Agri. Research/Extension/Education (G)	7,000	2,906	1,558	1,192	1,344	0	0	620	85	61	137	337	0	0	
518-0082	Agricultural Education II (G)	1,000	0	1,000	0	0	0	0	0	0	0	0	0	0	0	
518-0089	Policy Dialogue Support (G)	3,567	0	0	2,450	350	692	75	1,657	0	0	540	350	692	75	
518-0004	Special Development Activity Authority	1,378	518	287	186	116	111	160	73	0	0	0	0	0	73	
STRATEGIC OBJECTIVE NO. 2																
518-0084	Health and Family Planning II	5,998	0	0	0	1,385	2,113	2,500	3,394	0	0	0	98	1,390	1,906	
518-0071	Child Survival and Health (G)	11,700	0	1,778	4,211	2,376	2,337	998	6,193	0	162	1,817	2,094	1,122	998	
518-0081	Water and Sanitation for Health (G)	3,233	0	854	1,096	613	270	400	945	0	48	200	269	46	382	
518-0108	Cholera Control Care	1,420	0	0	0	620	307	493	149	0	0	0	0	0	149	
518-0093	Private Pharmaceutical Distribution (G)	232	0	0	151	0	81	0	40	0	0	1	0	39	0	

PIPELINE ANALYSIS
 USAID/ECUADOR
 SEPTEMBER 30, 1993

PROJECT NO.	PROGRAM/ PROJECT TITLE	CUMULATIVE OBLIGATIONS	FY OBLIGATIONS							CUMULATIVE PIPELINE	PIPELINE AGING					
			THRU 1988	1989	1990	1991	1992	1993	THRU 1988		1989	1990	1991	1992	1993	
518-0076	Shelter Section Technical Assistance (G)	1,938	563	937	0	0	0	438	734	85	228	0	0	0	421	
STRATEGIC OBJECTIVE NO. 3																
518-0067	Andean Peace Scholarship Program (G)	6,520	3,132	3,388	0	0	0	0	347	0	347	0	0	0	0	
518-0091	Ec. Development Scholarship Program	3,696	0	0	0	702	1,059	1,935	1,964	0	0	0	0	48	1,916	
518-0095	Regional Technical AID Center II	1,073	0	0	0	238	300	535	156	0	0	0	14	0	142	
518-0115	Administration of Justice	400	0	0	0	0	400	0	213	0	0	0	0	213	0	
518-0105	Justice Sector Reform	500	0	0	0	0	0	500	500	0	0	0	0	0	500	
STRATEGIC OBJECTIVE NO. 4																
518-0069	Sustainable Uses of Biological Resources	5,302	0	0	0	2,986	998	1,318	1,651	0	0	0	0	333	1,318	
518-0107	Charles Darwin Foundation	500	0	0	0	100	100	300	386	0	0	0	0	86	300	
518-0117	Environmental Education and Technology	300	0	0	0	0	0	300	300	0	0	0	0	0	300	
TERMINATED PROJECTS																
518-0042	Fiscal Administration Development (G)	4,502	4,502	0	0	0	0	0	0	0	0	0	0	0	0	
518-0042	Fiscal Administration Development (L)	1,806	1,806	0	0	0	0	0	0	0	0	0	0	0	0	
518-0064	Drug Information and Public Awareness (G)	941	0	0	820	0	0	121	30	0	0	0	0	0	30	
518-0079	Environmental Education (G)	1,100	1,100	0	0	0	0	0	7	7	0	0	0	0	0	

PIPELINE ANALYSIS
 USAID/ECUADOR
 SEPTEMBER 30, 1993

PROJECT NO.	PROGRAM/ PROJECT TITLE	FY OBLIGATIONS						CUMULATIVE OBLIGATIONS THRU 1988	1989	1990	1991	1992	1993	
		1988	1989	1990	1991	1992	1993							
		33,114	11,953	13,261	14,208	14,850	11,647	25,870	177	857	3,044	4,441	7,443	9,908
518-0116	Economic Stabilization Program III (G)	0	0	0	0	6,200	0	0	0	0	0	0	0	0
TOTAL		33,114	11,953	13,261	14,208	14,850	11,647	25,870	177	857	3,044	4,441	7,443	9,908

ACTIVE PROGRAM

518-0116	Economic Stabilization Program III (G)	0	0	0	0	6,200	0	0	0	0	0	0	0	0
TOTAL		0	0	0	0	6,200	0	0	0	0	0	0	0	0

PROJECT STATUS REPORTS

- Strategic Objective No. 1
- Strategic Objective No. 2
- Strategic Objective No. 3
- Strategic Objective No. 4

SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE NO. 1
"INCREASE SUSTAINABLE ECONOMIC GROWTH FOR A BROAD BASE OF THE POPULATION"
Second Semester, FY 1993

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

Responding to reductions in budget levels and the LAC Bureau recommendation to reduce the number of Strategic Objectives (SOs), the Mission has devised one SO incorporating two previous SOs in trade and investment and in agriculture. The newly incorporated Economic Growth portfolio consists of the Non-Traditional Exports (518-0019), Trade and Investment (518-0094), Policy Dialogue Support (518-0089), Special Development Activity Authority (518-0004), Agricultural Sector Reorientation (518-0051), Agricultural Research, Extension and Education (518-0068), and Agricultural Education 11 OPG (518-0082) projects. Therefore the new Program Outputs are as follows: (1) improved trade and investment climate; (2) improved agricultural policies; and (3) increased income and employment with emphasis on small (including micro) and medium producers and entrepreneurs.

Given the SO consolidation, shrinking USAID resources, and the Mission's proven track record in policy reform, the Mission has decided to concentrate more resources on policy reform and less on technology transfer activities. The Mission will, over the next two years, begin to phase out direct support for institutions engaged in primarily technology transfer. For the most part, Mission efforts in this area have been successful, and activities will be directed to making counterpart institutions self-sustainable. On the other hand, concentration on policy reform will not only lead to consequent economic benefits but to considerable support by other donors such as the Interamerican Development Bank (IDB) and World Bank (WB). The Mission continues to play a very important catalytic role in the policy area, leveraging IFI efforts in sectors on USAID's policy agenda.

The Mission has sponsored successful project activities in such policy areas as privatization, capital markets development, improving investment and commercial codes, Intellectual Property Rights (IRR) legislation and implementation, security of tenancy and easier transfer of land, price liberalization and, in general, opening up of the economy ("apertura") and elimination of non-tariff barriers. In broad terms, the Mission has raised the level of knowledge and awareness of economic and trade issues through INCAE activities. It has provided technical assistance for discussion and debate on specific policy areas, and has supported the drafting and advocacy of policy legislation through counterpart institutions. This successful, comprehensive approach will continue in future activities.

2. Significant Sector Developments and Issues Relating to SO1

Privatization of State-Owned Agricultural Enterprises (SOAEs): Privatization of SOAEs, undertaken by the Ministry of Agriculture (MAG) on the basis of analyses and policy dialogue activities funded through ASRP, continue on schedule in spite of last minute efforts by vested interests to delay implementation. The positive impact of eliminating the state's role in grain storage and marketing upon rice growers has been

dramatic. For the first time in many years, the associated rice growers have not seized government buildings, blocked highways or demanded the resignation of the Minister of Agriculture. Production is high and the role of the grain marketing agency (ENAC) as a commercially-managed, bonded warehouse and guarantor of Certificates of Holding is on schedule.

Section 599: Last year, Congress passed Section 599 of the 1993 Appropriations Act which prohibits USAID assistance to free trade zones or in situations when U.S. jobs might be relocated, or workers' rights violated. USAID has issued draft guidance to ensure compliance with Sec. 599 and its successor legislation. Such draft guidance specifies prohibited and permitted activities. The Mission has in turn shared the guidance with its counterpart institutions and has declined financial support for certain activities such as an export promotion office in Miami and any trade missions to the U.S. The Mission does not support investment promotion within the U.S. and reviews every investment promotion activity developed and promoted from Ecuador. As described below, the Mission is anxiously waiting for final guidance regarding Section 599 in order to proceed with the redesign of the Trade and Investment Project.

The private and public sectors are coordinating reasonably well, but the lack of GOE leadership in getting the important modernization law passed without major changes has caused friction and disenchantment on the part of the private sector. Important steps have been taken by passing other laws or introducing draft legislation to Congress. These policy reforms are summarized below:

Establishment of MAG Policy Sub-Secretariat: The production and price information system, providing accurate situation and outlook analyses, has gained widespread respect and acceptance among decision makers and producers throughout the public and private sectors. The rapid economic analysis capability established and consolidated within the MAG, based upon accurate production, price, and forecasting data has enabled government officials to sustain free market policy decisions in the face of traditional vested interest groups (e.g. dairy and wheat processing entities). The MAG has completed the final stages of creating a new Sub-Secretariat of Policy which will consolidate all of the data collection, processing, reporting and analysis activities into one unit.

The Trade and Investment Council (TIC) and Access to the Andean Trade Preference Act (ATPA): The Clinton Administration approved Ecuador's access to ATPA benefits. This was announced at the TIC meeting held on April 20 in Washington. Under sponsorship of FEDEXPOR and Fundación Ecuador (FE), seminars were conducted by the U.S. Department of Commerce in Quito and Guayaquil to inform exporters on how to benefit from ATPA. Major negotiation points at the TIC April meeting included the U.S. desire for a Bilateral Investment Treaty (BIT) and a bilateral agreement regarding intellectual property rights (IPR). The BIT was signed in late August, while the agreement on IPR was signed in September. USAID and the U.S. Embassy will assist the GOE in the

adoption of implementing legislation

New Agrarian Law: Intensive analytical and policy dialogue activities by the Institute of Agricultural Strategies (IDEA), funded through ASRP, have obtained a broad consensus of private sector and legislative committee support for the new Agrarian Law, which will be submitted by the Executive Branch to Congress in early FY 94. This historic legislation, the first major reform of real property rights in 30 years, will increase the security of tenancy, ease the transfer of land via sale or rental, and will create the conditions necessary to establish modern land tax and banking institutions. The expected impact upon increased rural economic growth, investment, development and reduced pressure upon the natural resource/environmental base is immense.

Improvements in the Climate for Investment: The GOE issued an investment decree which reduced discrimination against foreign investors by allowing investment in previously barred sectors. Recently, the corporate tax rate difference for nationals of 25% and for foreigners of 37% was eliminated with new legislation.

Reduction of Direct State Role in Agricultural Production and Marketing: Pressures to reverse the previously achieved liberalization of prices for agricultural and food products, and non-tariff trade barriers, have been successfully resisted, largely due to the data processing and analytical capability established within the MAG and the continued policy dialogue activities of IDEA. Final elaboration of legislation to codify Executive Decrees modifying the so-called Consumer Defense Law and the Agricultural Development Promotion Law will be submitted to Congress in early FY-94. Incorporation of Ecuador's agricultural and farm input trade and tariff policies into the Andean Common Trade Agreement remains on schedule, with final agreement scheduled for early 1994.

National Council for Export and Investment Promotion (CONAPEI): CONAPEI, formed by the MAG, Ministry of Foreign Affairs and Industry and Trade, the Federation of Chambers, FEDEXPOR and the FE, has met several times to coordinate export and investment promotion activities. The Interamerican Development Bank (IDB) is implementing a project to channel \$800,000 for policy studies and support for nontraditional agricultural activities through CONAPEI. The public and private sectors selected FE as the secretariat for CONAPEI.

There are a number of issues which have to be resolved in order to make decisions on the future of the Trade and Investment (T&I) project. A Project Paper Supplement should reflect those decisions and should contain a new budget for the project, possibly adding \$2.5 million to the LOP, making for a total of \$12.5 million. The design issues relate to: the extent of future funding from our T&I Project to PROEXANT; the role of the FE as a "think tank/policy advocacy" institution; the future of the nontraditional industrial export promotion component managed by FEDEXPOR; how to restructure our financial support to NGOs in accordance with recent informal Section 599 guidance from USAID/W; and, funding priorities and trade-offs given limited resources.

Modernization of Agricultural Research and Extension: The economic impact of USAID

support for agricultural research, extension and education through the Agricultural Research, Extension and Education (AREE) and Agricultural Education II projects continues to be manifested through the increased adoption of new technologies (increased production and successful export of organically grown vegetables and tropical fruits, increased production and local processing of cassava, dairy products and "vegetable ivory"), the consolidation and strengthening of rice producer associations to underwrite production and marketing research, the 150% increase in scholarship funding for agricultural degrees enabled by finalization and initial disbursements of a debt swap, and the issuance of legislation to administratively and financially free the National Agricultural Research Institute (INIAP) from political and non-technical governmental control.

Modernization Law: Submission of the State Modernization Law by the Executive Branch to Congress through the normal procedures (rather than a fast-track mode utilized for other pieces of reform legislation) has delayed the implementation of several activities related to the SO. Other measures submitted via the fast-track, and where possible, implemented temporarily by Executive Decree, have been effective in reducing public sector employment, moving the MAG towards a normative role, divesting several MAG agencies of their holdings in and administration of SOAE, and reducing political interference in the administration of national agricultural research and extension agencies.

Reform of Agricultural Credit Policies: Based upon analyses and policy reform advocacy undertaken by IDEA, with additional research funding support from the Food and Agriculture Organization (FAO) and WB, relaxation of government determined (subsidized) interest rates by the National Development Bank (BNF) has been proposed by the Minister of Agriculture, in spite of strong resistance by urban and wealthy interests which have traditionally (and perversely) benefitted from the BNF's purportedly agricultural, small producer lending policies. These policy reforms will enable the GOE to access World Bank funds in early 1994 intended to completely overhaul and restructure the BNF, contributing to conditions which will encourage increased rural financial intermediation and rural savings mobilization. As part of the restructuring, the BNF is expected to begin divestiture of its holdings in several state owned enterprises in early FY-94.

3. Monitoring of Strategic Objective Indicators

During early FY 94, the Mission will review the SO tree, project outputs, SO indicators, program output indicators and monitoring/evaluation plans of the project in order to more clearly reflect the consolidation of the previous two objectives into one economic growth SO. Consolidated SO and program output indicators will be developed, and data will be collected and results will be reported for the next reporting period.

4. Recent Developments in Policy Dialogue Related to SO1

Undoubtedly the most significant development related to the Mission's agricultural policy reform agenda during this period has been the adoption by the IDB and WB of USAID's policy reform matrix as conditions precedent to disbursement for their loans,

now in the technical review stage with the GOE. The loans will provide substantial funding to completely reform the irrigation sector, transferring management and maintenance of the system from government agencies to the actual water users, and will totally restructure the MAG and all of its dependencies, redefining its purpose as a normative institution. Likewise the IDB's policy conditionality for the financial sector loan builds on USAID's success in the area of capital markets legislation and modernization of the Superintendencia de Companias.

The principal policy dialogue activity sponsored through the Policy Dialogue Support Project (PDSP) consisted of the high level workshop for the President and his cabinet, which was divided into two feuding factions. The workshop was useful in airing highly controversial issues, promoting better communication, and helping the President define better the principal strategic objectives for his government. Subsequently, when his ministers (particularly the Ministers of Government and of Finance) continued to feud openly and damage the image the government, the President took charge and dismissed the major antagonists. The current cabinet appears to have more compatible ministers and coherent policy views.

Major laws which the GOE administration introduced into Congress during the last reporting period were approved with the exception of Customs and Ports Reform. Some of these developments have involved substantial participation by SOI counterparts, i.e., FE or presidents of Chambers who are members of FE or FEDEXPOR. Even with frequent changes in the President's Cabinet, our counterparts have been able to achieve very positive relationships with the Minister of Industry and the Minister of Agriculture (both are members of FE). This positive relationship has been a key factor in achieving sufficient consensus to enable the GOE to implement the trade policy reforms. Notwithstanding the foregoing, there is much skepticism about implementation of the laws that were passed during this reporting period.

5. Review of Issues and Actions from the Last SAR

Trade and Investment:

1. The USOH/USDA APHIS advisor arrived in April.
2. The new technical advisor for the NTAE Project arrived in August.
3. PROEXANT began charging fees for services provided to producers and exporters.
4. Louis Berger Chief of Party work plan was approved in June.
5. IESC's new country director assumed duties in August.
6. FE's work plan was approved in September.
7. FE contracted Technical Assistance (TA) for the Superintendencia de Compañias in September and is coordinating TA activities with IDB.

8. The redesign of the T&I project, as well as the Project Paper Supplement are in process. This action was delayed since we were waiting the arrival of the new Mission Director and the reception of new U.S. administration strategy paper, including guidance for conformance with Section 599.
9. The PPS will provide the basis for adding US\$2.5 million to the LOP. This effort will explore opportunities to use USAID/W funded projects or buy-in contracts for TA and/or studies and analyses.
10. ETIO will be looking to USAID/W to provide resources (e.g. LAC/II's T&I Development Project managed by Nathan Associates and/or G/PRE's Financial Sector Development opportunities and leveraging policy reforms and/or loan guarantees under our T&I project).

Agriculture:

1. It has been decided that the National Rural Household Survey will be completed under the MAG/WB contract rather than by a USAID project.
2. The Agricultural Sector Development Project has been canceled; see above, Section 2.
3. Existing agreements with MAG and IDEA to implement the ASDP has been extended in lieu of ASDP approval.
4. The SANREM CRSP for Ecuador has been approved for implementation by FUNDAGRO.
5. The new Agrarian Law has been reviewed by Congressional Committees and is; to be formally submitted by Executive Branch in early FY-94.
6. Check-off system law reviewed by Committees; to be formally submitted by Executive Branch in early FY-94.
7. Continuing support to the privatization process has proceeded as several SOAEs are being privatized; BNF in process of divestiture; MAG increasingly normative agency.
8. Restructuring of internal policies and procedures of IDEA were written into new USAID agreement; Coastal Board members identified; additional modifications underway.
9. Close-out report for ASRP Project has not been completed as Project has been extended to December 1994.
10. Funds for IDEA endowment will be obtained from new IDB loan.

6. Major Actions Planned for Next Six Months

Policy Dialogue Support Project

1. The project is now at a cross-roads. On the table is an INCAE proposal to increase the LOP funding by \$2 million and extend the project to September 1996, in order to provide activities through the next presidential election period. For Phase II of the Project, the Mission and INCAE have agreed to develop a more focused policy agenda designed to support selected International Financial Institution (IFI) policy programs in Ecuador. Also, since INCAE has clarified that it cannot engage in policy advocacy or provide direct technical assistance for policy implementation, the Mission will have to find another vehicle to undertake these types of activities.

Trade and Investment Project

1. Redesign of the T&I project to take into account new policy directives and to expand the project from \$10.0 million to \$12.5 million.
2. Approve the FE's 1994 work plan. Analyze FE's long-term strategic plan.
3. Implement an investment promotion strategy, focussed on improving the investment climate through achieving appropriate policy reform, and based in the FE.
4. Monitor FE involvement in policy reform advocacy of five major economic reforms from FE's Agenda for the 90's in Congress.
5. Establish a system to monitor FEDEXPOR's implementation of Louis Berger's proposed business plan.
6. Focus Louis Berger TA to the institutional development of FEDEXPOR and policy reform initiatives.
7. Continue FE support for privatization and capital markets.
8. Monitor TA for the Superintendencia de Companias in order to support GOE modernization effort and capital markets development.
9. Work with both FE and FEDEXPOR on long-term sustainability plans and obtaining additional resources from other donors such as the IDB and the Andean Development Corporation (CAF) and from initiating fees for services assessed on exporters and importers.

Non Traditional Agricultural Exports Project

1. Monitor Aphis (GOE management of plant sanitation and certification) program implementation.
2. Monitor PROEXANT's self-sustainability program including review and approval of

the statutes of the new corporation.

3. Include NTAE activities in the T&I Project 1994 budget.

Agriculture

1. As the Mission reformulates the SO tree and other monitoring requirements for SO1, an analysis and review of the recently modified ASRP, AREE and Ag Education II project outputs will be undertaken to determine their degree of attribution to achieving SO4 in addition to SO1.

Special Development Activity Authority

1. Reach agreement with Peace Corps concerning potential areas for cooperation.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Non-Traditional Agricultural Exports
 Project Number: 518-0019
 Date of Authorization: original 09-13-84 last amendment 03-22-91
 Date of Obligation: original 09-13-84 last amendment 07-01-91
 PACD: original 09-31-87 last amendment 08-30-94
 Implementing Agencies: ANDE, FEDEXPOR
 Major Contractors: Development Alternatives Inc.
 AID Project Officer: Aida Lafebre
 Status of CPs/Covenants:

 Date of Last Evaluation: 03-12-93 Next evaluation: TBD
 Date of Last Audit: 12-31-92 Next Audit: 01-01-94
 Planned number of yearly non-federal audits for which the Mission will be responsible under the Audit Management and Resolution Program: 3
 Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$2,400,000 last amend \$7,260,000
 Loan: original \$4,000,000 last amend \$7,500,000
 Amount Obligated: DA Grant: original \$ 230,000 last amend \$7,114,145
 Loan: original \$2,000,000 last amend \$7,474,819
 Current FY Oblig.: Grant: \$ 0
 Loan: \$ 0
 Amount Committed: Grant - Period: \$ 0
 Cumulative: \$7,114,145
 Loan - Period: \$ 0
 Cumulative: \$7,474,819
 Accrued Expenditures: Grant:
 Period - Projected: \$ 780,000
 Period - Actual: \$ 794,238
 Cumulative: \$6,591,951
 Period - Next: \$ 783,000
 Loan:
 Period - Projected: \$ 0
 Period - Actual: \$ 0
 Cumulative: \$7,474,819
 Period - Next: \$ 0
 Counterpart
 Contribution: Planned: \$4,000,000
 Actual: \$5,000,000
 % LOP Elapsed: 90
 % of Total Auth. Oblig. (Grant) 98
 (Loan) 100
 % of Total Oblig. Exp. (Grant) 92
 (Loan) 100
 % of Total Auth. Exp. (Grant) 90
 (Loan) 100

II. MAJOR OUTPUTS:

	PLANNED							ACCOMPLISHED							PLANNED				ACCOMPLISHED		% OF LOP
	LOP		PERIOD		CUM			NEXT PERIOD		PERIOD		CUM			LOP	PERIOD	CUM	PERIOD	CUM		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F			
1. Training (persons)																					
Long term	3	3	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	
Short term	2,565	285	200	50	2026	276	200	50	1055	366	3423	816	133								
2. Total value NTAE Exp./Year	71M		27.0		52.0		27.0		25		60		85								
3 *New Diversification crops	5		1		4		1		0		4		80								
4.**Expansion of Growers	1,500		400		1,100		200		314		1414		94								
5. Generation of employment	14,000		1,200		13,700		2,000		4,254		20,208		144								

*- fresh & processed maracuya

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 components include: (1) agricultural technology; (2) post harvest handling and quality control; (3) market information and products promotion; and (4) policy dialogue and export financing. Project activities are now concentrated in fruits, flowers and vegetables (fresh and processed).

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

The purpose of the project is to establish a healthy, growing NTAE sector, supported by effective, self-sufficient services. To contribute to SO1, the EOPS targets under NTAE include \$71 million in NTAE exports and 14,000 new jobs.

To date, the project has directly and indirectly generated 20,208 new jobs, thus exceeding the original target of 14,000. NTAE now total approximately \$60 million with 5 new crops exceeding sales of \$2 million per year. The project has assisted 1,400 new producers and growers to increase their export activities (located mainly in the rural areas on the Coast and in the Sierra), thus expanding production and exports while including new areas. The project works closely with low income, small- and medium-size growers by providing training in new technologies.

The project has supported numerous policy dialogue activities in the areas of foreign investment, macroeconomic policy reform and reduction of barriers which have improved significantly Ecuador's trade and investment climate. Recently, the project has advocated revisions to the Transportation Law and conducted seminars/conferences to upgrade export facilities in Ecuador. One hundred percent of LOP funds contribute to SO1.

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).

This is a successful project completing and achieving its objectives. Project funds

will be fully utilized prior to its PACD and the Mission contemplates providing additional funding under the Trade & Investment Project.

It is estimated that by December 1993, total exports of NTAE products will reach \$70 million, that is, \$1 million short of the project target. Also employment generation has exceeded substantially the target of 14,000 new jobs in the sector.

The project is in the process of becoming self-sustainable. PROEXANT, the project management unit, will soon become a legal entity. ANDE, FEDEXPOR and Fundación Ecuador are sponsoring this new corporation. In an effort to achieve sustainability, the project is convincing project beneficiaries to pay for services received. During the reporting period, PROEXANT generated income of approximately \$27,000 as payment for services. Based upon the quality of services provided by PROEXANT and the image created by the project (it is the only institution successfully promoting NTAE products), the private and public sectors support the establishment of this private entity capable of providing this type of service.

Also, during this reporting period the project continued focusing its activities at small producers by providing technical assistance to strengthen their export capabilities. This sector has benefitted from training programs developed in the field. The project has initiated actions with public and private banks to open credit lines for this small-scale enterprise sector. Furthermore, the project is helping the sector in the design and presentation of projects requiring credit. Special emphasis has been placed on women entrepreneurs working in the agro-processing sector.

VI. PROGRESS DURING REPORTING PERIOD

1. APHIS representative arrived in Ecuador in April 1993, for a two year assignment. His office is located in the Ministry of Agriculture (MAG). He is working with Sanidad Vegetal (MAG), coordinating with PROEXANT and has presented his work plan for the first year.
2. A major accomplishment is the project's close collaboration with another USAID project (Family Planning - CEMOPLAF). The two projects are jointly managing a family planning training program involving 13 flower plantations and 1041 workers (427 men/614 women). The workers are receiving both training and medical services.
3. Concerns have been expressed about NTAE projects in Latin America and unanticipated impacts upon the environment. To evaluate potential positive and negative impacts, the project is obtaining the services of World Research Institute (WRI) to prepare a report entitled "Social and Environmental Impact of Non-Traditional Agricultural Exports." Another report prepared by Development Alternatives, Inc. (DAI) in this period and focusing on the environment and NTAEs was received in this period.
4. Self-sustainability plan began and modified services provided by the project. Approximately \$27,000 in revenue has resulted from sale of these services in 1993.
5. Definition process was completed to create the new "PROEXANT Corporation." Statutes are under review for Mission approval.
6. Eighteen courses and seminars in technology transfer, post-harvest handling and quality control were offered during the reporting period.

7. Quality Control Certification Program began in July 1993, to assure acceptance of exports in foreign ports.
8. USAID review of project evaluation was held in April. Recommendations are being implemented.

Additional Activities During the Reporting Period

1. The first shipment of pineapples to Europe occurred in July 1993.
2. A feasibility study on Individual Quick Frozen plants was conducted and delivered to the MAG in a special ceremony.
3. Initiated harvest of 15 hectares of a new potential product "aji tabasco" for export in Santo Domingo de los Colorados.
4. An Andean seminar on "Regulations on the Use of Plaguicides in Agricultural Products for Export" was organized by the project in coordination with other Andean institutions and speakers from FDA-USDA and APHIS.
5. An intensive training program for workers on the use of pesticides and use of safety equipment was developed during the reporting period.
6. Emphasis was placed on medical assistance to protect the workers' health through regular examinations and training provided through conferences to administrative and technical personnel, as well as to workers.
7. A total of 52 technology transfer events were held during the reporting period including workshops, field trips, and seminars.
8. Six inspectors were trained in quality control to authorize shipment of flowers, fresh fruits and vegetables with a quality seal.

VII. GENDER CONSIDERATIONS

The project is extensively promoting female participation in all activities, e.g., training programs, seminars, conferences, field trips. Special emphasis is given to a health and family program. This program focuses on educating female workers, particularly in flower production, to prevent diseases originating from the use of pesticides. It also trains all workers in family planning methods.

Women represent 61% of the total increase in employment during the reporting period.

VIII. EVALUATIONS AND AUDITS

A monitoring and evaluation (M&E) plan is being implemented and personnel trained to complete the M&E forms.

In March 1993, a project assessment was undertaken by the LAC/TECH advisor, and a final report was submitted to USAID. The report highlights project accomplishments and recommendations for continuity of key activities. This report was reviewed by the Mission and the Project Evaluation Summary (PES) will be sent to Washington. No additional evaluations are foreseen.

A project audit report was prepared by Deloitte-Touche for the period March 1990-December 1992. The project has implemented an accounting system for counterpart contributions. The most recent report is dated September 30, 1993.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: USAID/W has not provided its formal guidance concerning continued support for export promotion programs. Based upon informal draft Section 599 guidance, the project has restricted NTAE promotion in the U.S. Although the Producers' Marketing Association Faire in Washington, D.C., was included in the 1993 work plan, the Mission instructed the project to cancel its participation and \$3,000 was forfeited.

Corrective Action: Mission needs USAID/W formal guidance to answer questions related to continued support to the NTAE sector.

2. Issue: PROEXANT has long been dependent on USAID funding. Project funds were fully disbursed in early 1993. Based upon LAC/TECH and Mission evaluation recommendations, PROEXANT began a fee-for-services program, earned \$27,000 during the reporting period, and is beginning to make important progress toward becoming an independent, fee-for-services NGO.

Corrective Action: The Trade and Investment project provided funds for the remainder of 1993, and should provide funding, on a declining basis, during 1994 and 1995. An analysis is needed to assess PROEXANT's plan and capability for achieving self-sustainability in the next two years. An immediate next step is the provision of technical assistance for the preparation and implementation of a detailed business plan to assure a smooth transition to becoming a fee-for-services, lean and efficient institution.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Coordinate PROEXANT's legal documentation to establish a non-profit corporation.
2. Monitor PROEXANT's self-sustainability program to increase revenue through charging fees for services delivered to the private sector.
3. Restructure PROEXANT's payroll and salary policy including introducing incentives for sale of services in lieu of a standard salary.
4. Ensure full payment is received from the private sector for implementation of the fruit fly monitoring program.
5. Obtain Ministry of Industries (MICIP) authorization for the quality control certification program for exports to Europe.
6. Arrange DAI technical assistance to ease PROEXANT's transition. TA can focus on: (1) training of staff as it adjusts from a donor-financed to a fee-for-services organization; (2) assessing PROEXANT's comparative advantage as it competes with private sector consulting firms and public sector agricultural assistance institutions; and (3) helping employees make the transition to an incentive compensation program.
7. Assess the value of maintaining project branch offices in small cities, e.g., Portoviejo and Cuenca. Determine whether offices in Quito and Guayaquil should cover those areas in order to reduce operating costs including an overall reduction in staff.
8. Resolve conflicts between APHIS advisor, MAG, PL-480 managers and PROEXANT.

F:PPD PZC SARS ETIO0019

PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Trade and Investment Project (T&I)
 Project Number: 518-0094
 Date of Authorization: original 08-29-91 last amendment 00-00-00
 Date of Obligation: original 08-30-91
 PACD: original 09-30-97 amended to 00-00-00
 Implementing Agencies: FEDEXPOR/CISE/FUNDACION ECUADOR
 Major Contractors: Price Waterhouse, Louis Berger, CHEMONICS
 AID Project Officer: P. de la Torre/E.Guillén/J.Watson
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 09-15-93 (FEDX) Next evaluation: 10-01-94 (FE)
 04-01-94 (IESC)
 Date of Last Audit: 12-30-92 (FEDX) Next Audit: 12-31-93 FE-IESC

Planned number of yearly non-federal audits for which the Mission will be responsible under the Audit Management and Resolution Program: 3

Number of such audits contracted for/completed during the reporting period: 0

FINANCIAL DATA

Amount Authorized: DA Grant: original \$10,000,000 last amend \$0,000,000
 Amount Obligated: DA Grant: original \$ 2,109,00 last amend \$7.440.749
 Current FY Oblig.: Grant: \$ 500,000
 Amount Committed: Grant - Period: \$1,357,710
 Cumulative: \$6,491,149

Accrued Expenditures: Grant:
 Period - Projected: \$3,085,000
 Period - Actual: \$ 997,320
 Cumulative: \$2,707,181
 Period - Next: FXP 731,200
 FE 2,354,800
 3,086,000

Counterpart Contribution: Planned: \$ 244,900 FXP +980.000 FE=1'144.900
 Actual: \$ 200,000 FXP +100.000 FE= 300.000

% LOP Elapsed: 29
 % of Total Auth. Oblig. (Grant) 74
 % of Total Oblig. Exp. (Grant) 36
 % of Total Auth. Exp. (Grant) 27

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF
							LOP
1. Logframe Outputs							
- Increase Investments (FE)	\$ 5M	0	0	1M	0	0	0
- Policy Changes		5	1	4	1	2	3
- Increase export earnings(FXP)	\$24M*	1	4	4	3	6	25
- Increase in employment (65% women)(FXP)		7,000	100	1,300	100	600	600

* per year

	PLANNED						ACCOMPLISHED					
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	PERIOD	CUM	PERIOD	CUM	% OF	
											LOP	
2. Training (persons)												
Short term FXP	0	0	150	50	80	230	100	50	100	50	700	50
Short term FE	0	0	0	0	0	0	250	100	640	160	560	140
	0	0	150	50	80	230	350	150	740	210	1160	190

* Training is not a specific objective in the Project Paper. Therefore, there are no planned LOP figures.

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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 totaling \$10,000,000 (73%) and estimated counterpart contributions of \$3,778,000 (27%).

FEDEXPOR

The purpose of the September 1991 Cooperative Agreement (CA) is to provide quality export promotion services and institutional strengthening to FEDEXPOR to carry out private sector trade activities in three sectors: metalwork, food processing, and ceramics.

FUNDACION ECUADOR (FE)

The purpose of the July 1992 CA is to provide quality investment promotion services and institutional support for FE to carry out private sector development activities. The CA focuses upon the institutional development of FE and upon priority technical activities, including: policy dialogue, privatization and capital markets development, and investment promotion.

International Executive Service Corps (IESC)

The purpose of the August 1991 CA is to promote export and investment expansion and to provide export and investment technical assistance services. IESC's work plan called for providing investment promotion services and, simultaneously, developing an Ecuadorian institution to assume this function and to develop a suitable Ecuadorian investment promotion organization.

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

The T&I Project contributes to SOI by diversifying industrial exports and by increasing production. Activities include: (1) technology transfer in production, processing and marketing; (2) promotion efforts including participation in fairs and a market information service; (3) enhancement of quality control of export services by private firms; and (4) training in export marketing.

In terms of addressing the Program Output to improve the trade and investment climate, T&I Project activities conducted by IESC and FE include: (1) the development of an Ecuadorian capability in investment promotion; (2) privatization and capital markets development; (3) promotion of joint ventures; (4) IESC technical assistance and use of an investor network; and (5) production of informational material and training.

IESC contributes to SOI by assisting the private sector with market information and technical assistance to individual firms to upgrade production, modify products, expand sales in Ecuador and in international markets, and to upgrade skills of senior, middle and lower management. Also, it offers an investor network facility to its client-firms.

The Non-traditional Industrial Export (NTIE) component with FEDEXPOR will contribute to SOI by diversifying agroindustry and industrial exports and by increasing production. The EOPS targets under T&I include achieving US\$24 million in exports and 7,000 new jobs. To date NTIE activities have reached US\$6 million increase in exports and created 600 new jobs. Through FEDEXPOR, the project is providing technical assistance and offering information regarding potential new markets and new products for export. By working through industry associations, FEDEXPOR places emphasis on small-scale enterprises. FEDEXPOR's policy dialogue efforts are focused upon achieving export-related macroeconomic reforms, e.g. reducing trade barriers to improve Ecuador's overall trade and investment climate. FE possesses the capability to present a forum whereby representatives of both the formal and informal sectors, small and large-scale enterprises, can exchange ideas and propose initiatives leading toward broad-based participation in the policy reform arena. FEDEXPOR staff coordinate closely with the GOE's Ministry of Industries and Ministry of Foreign Affairs plus various chambers to assure consistent improvement in export policies and regulations.

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

FEDEXPOR

FEDEXPOR is contributing to the expansion of non-traditional industrial exports by coordinating participation of Ecuadorian firms at trade fairs, disseminating market information, and assisting with improving the quality and production levels of export-oriented firms. A FEDEXPOR-sponsored Ecuadorian firm participated at a Colombian trade fair and sold products exceeding \$2 million in value.

FEDEXPOR statistics indicate that exports increased in the following sectors: metalwork (\$19.1 million in 1991 to an estimated \$48 million in 1993); ceramics (\$1.6 million in 1991 to an estimated \$4 million in 1993); and, in food processing (\$152.4 million in 1991 to an estimated \$180 million in 1993). These three sectors are expecting substantial increases in 1994.

FUNDACION ECUADOR

FE's offices and most of its staff are in place. Additional technical personnel need to be recruited. FE has become a leading institution that facilitates policy dialogue between the private and public sectors. It is recognized as a private sector representative with highly influential membership, Board of Directors, and Executive Committee.

USAID and FE reached agreement in August concerning FE's involvement in policy dialogue, privatization, and investment promotion. FE technical staff are preparing

an institutional strategy which defines FE's functional responsibilities. USAID provided intensive assistance to FE in preparation of its 1993 work plan which was approved in September 1993.

IESC

As reported in the past semester report, the IESC investment promotion program has been assumed by FE. Now, FE has full responsibility for investment promotion activities in accordance with USAID/W's formal and draft Section 599 guidelines. USAID/Ecuador monitors FE's activities to assure conformance with those guidelines. FE is managing use of IESC's not disbursed funds through March 1994.

PRIVATIZATION/CAPITAL MARKETS DEVELOPMENT

A second major contract (March) with Price Waterhouse/International Privatization Group (PW/IPG) is providing technical services to facilitate transactions involving state-owned enterprises (SOEs) in Ecuador and to assist with the institutional development of the GOE's National Council for the Modernization of the State (CONAM).

FE is viewed as a key leader in advocating economic reform with emphasis placed on trade policy, privatization and capital market expansion. FE, in collaboration with the Price Waterhouse/International Privatization Group (PW/IPG), is upgrading the understanding of the GOE's modernization plan by sponsoring seminars, workshops and conferences in Ecuador. This public information program is aimed at offering alternative methods of establishing widespread ownership and greater capital market participation.

VI. PROGRESS DURING REPORTING PERIOD

FEDEXPOR

1. A TA contract with Louis Berger International, Inc., began in March with a three-month work plan. A one-year work plan has been included in FEDEXPOR's proposal for a one-year CA extension. A draft LOP work plan is in the Mission review process.
2. Positions for National Technical Director, Industrial Specialist and Marketing and Information Assistance were filled. FEDEXPOR Executive Director resigned in June and is expected to be replaced in October 1993.
3. An assessment of the NTIE component was completed by an independent consultant, in September 1993.
4. FEDEXPOR organized a trade mission to Colombia and Venezuela. It sponsored a trade promotion visit in Ecuador. In accordance with USAID/W formal and draft Section 599 guidelines, FEDEXPOR canceled participation in the Miami Foodpack trade faire and the New York Gift Faire.
5. With all costs covered fully by the GOE and privately-owned export firms, FEDEXPOR

inaugurated Ecuador Trade Centers in Miami and Hamburg. In compliance with Section 599 guidelines, no USAID funds are supporting these Centers.

6. Institutional strengthening, image-building and sustainability are key activities, including a Louis Berger study on FEDEXPOR's image, services and sustainability.
7. Most noteworthy was the successful implementation of the FEDEXPOR 1992-93 work plan. Expenditures were 95% of planned budget. FEDEXPOR also produced 18 publications and made 3500 contacts with potential customers during this period. FEDEXPOR is conducting a survey of 4,000 Ecuadorian exporters to assess market supply.
8. FEDEXPOR, in coordination with FE, USAID and the Chamber of Commerce, organized in Quito and Guayaquil a seminar on the Andean Trade Preference Act. FEDEXPOR with the support of ALADI organized a seminar on how to benefit from recent reductions in trade barriers in Latin America.

FUNDACION ECUADDR

1. In early July, the Mission approved a budget for the period January-September 1993, and a short list of FE activities with an understanding that final approval of FE's 1993 work plan was to be delayed until the arrival of a new Mission Director. During August and September 1993, ETIO staff collaborated with FE's senior management and technical advisor to produce a work plan acceptable to both FE and USAID. This plan reflects FE's commitment to USAID's institutional development and policy reform objectives.
2. FE is advocating five important law reforms: Export Promotion, Investment, Commercial Code, Concessions, and Customs. Also, a modernization of the State document was published and distributed. A proposal for a new Concessions Law was sent to Congress through Guayas Regional Government. Meetings were held to assist FE development of a Social Policy Strategy. A comparative study on Investment Climate was initiated with Nathan Associates.
3. FE institutional development is progressing. The General Assembly is expanding (presently 53 members have been selected with another 47 to be identified). The Board of Directors and the Executive Committee are seeking active participation from their members. Administrative and financial/procurement procedures are being implemented and a conflict of interest policy is being drafted. The following Board of Directors' Commissions have been approved: Budgetary, Legal and Regulatory, Trade and Investment, and Environmental. Agreement was reached on FE financial reports and procedures, and FE travel and salary policies were approved. A Monitoring and Evaluation Plan was initiated with technical assistance.
4. Policy dialogue activities included 12 seminars on modernization/privatization of the state. Also, an IDB-funded seminar on Modernization of the State was organized and managed by FE. 200 persons attended this two day seminar in July. Most noteworthy have been FE-organized meetings between Ecuadorian labor leaders and

their counterparts in countries which have undergone major privatization, such as Chile, Argentina, and Mexico.

5. FE contributed to the passage of the new Capital Markets Law which was approved by Congress and the President in May. Private sector development component of the CA is progressing with completion of an Investment Promotion Strategy. FE is coordinating with other private and public institutions through the National Council of Export and Investment Promotion (CONAPEI). Within this organization, FE is channelling policy reforms aimed at improving Ecuador's trade and investment climate and has been assigned several notable responsibilities, most importantly as CONAPEI's Executive Secretariat.
6. FE is developing strategies for long-term planning that include institutional development implementation activities, including close cooperation with the IDB. FE has signed several agreements with the IDB and Corporación Andina de Fomento to implement complementary activities such as a feasibility study for establishing trading companies, a modernization of the state public relations/promotion campaign, and an international seminar to advocate concepts and strategies pertaining to Ecuador's modernization process.

IESC

1. IESC's investment network program generated 17 investment profiles and more than 300 people attended network meetings (20% female) in both Quito and Guayaquil. IESC presented several seminars and reports on tourism, eco-tourism, and agroindustry. As a result, three investment contacts are nearing completion which will supply tagua finished products, set-up a paper making operation using banana stalks, and set-up a dairy finished products facility for Andean markets. Total investment may exceed \$7 million. Eight Ecuadorian firms expressed interest in buying equipment from U.S. firms. In addition, more than six Volunteer Executives provided TA in Ecuador. The IESC Country Director departed Ecuador in August, and the former Deputy Director has taken over the position.
2. The CA LOP and original budget were not sufficient to permit completion of the USAID/IESC CA's main goal and objectives nor to allow FE to become an active leader on investment promotion activities. Therefore, the CA will be amended to permit FE to become the key-implementing institution for those activities included in the IESC/FE subagreement work plan.

PRIVATIZATION/CAPITAL MARKETS DEVELOPMENT

1. PW/IPG completed an appraisal and sales prospectus of the state-owned fertilizer plant (FERTISA) in early 1993. This document is crucial to attracting international and national investor interest. PW/IPG's involvement with the marketing plan, and the advising of shareholders in this transaction was concluded in May. The GOE intends to sell FERTISA in an open, transparent manner in early 1994. PW/IPG continues to deliver technical assistance to coordinate sales of companies held in the portfolios of the Ministry of Agriculture (MAG), Banco Nacional de Fomento (BNF), and Corporacion Financiera Nacional (CFN) (which total

approximately 70 firms).

2. CONAM's institutional development was delayed by the GOE pending the final outcome of the modernization/privatization legislation. Hundreds of millions of dollars from donors are being offered to facilitate a privatization of Ecuador's telephone and electricity companies, ports, petroleum industry and social security system. Donors are awaiting GOE's political will to commence the process.
3. To assist in the implementation of the new capital markets law (approved by the GOE in May), FE assembled an impressive team of experts with CHEMONICS as the contractor. The Mission and FE are coordinating all capital market development activities with the IDB. The IDB's proposed conditionality for its forthcoming Financial Sector Development Loan is based upon recommendations from the USAID/FE sponsored TA team.
4. Superintendent de Compañías is receiving technical assistance to provide guidance with the restructuring of this bureaucracy and its transformation into a Securities Exchange Commission-type agency. The plan involves a major reduction in the Superintendencia's responsibilities and it is expected that the agency's work force will be reduced from 650 to 150 employees during 1993. This will be the first model for modernization of a state agency in Ecuador.

VII. GENDER CONSIDERATIONS

FEDEXPOR

Under the FEDEXPOR component, the increasing demand for female employment is taken into consideration in firms to be assisted by the project and in the participation in training programs, seminars, conferences, etc. In terms of job generation in the ceramics and food processing sectors, 80% are women. In the metalwork sector, 20% are women.

FUNDACION ECUADOR/IESC

An objective to increase opportunity for female employment is being achieved through the contracting of national and international TA. The TA project does not specifically target individual beneficiaries.

VIII. EVALUATIONS AND AUDITS

FEDEXPOR

An independent consultant conducted an assessment of the NTIE component during the month of September, and a debriefing will be held in October. The purpose of the study was to assess project performance over the past two years and recommend ways to address project issues.

Deloitte presented an audit report in April for the period June-December 1992, and its recommendations have been implemented.

FUNDACION ECUADOR

An audit will be undertaken in late 1993.

IESC

An independent audit will be contracted in the next semester and sufficient funds are being allocated for this purpose.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

FEDEXPOR

1. Issue: USAID/W has not provided its formal guidance concerning continued support for export promotion programs. Based upon informal, draft Section 599 guidance, the project has restricted NTIE promotion in the U.S.

Corrective Actions: USAID/W should issue guidance as soon as possible.

2. Issue: Louis Berger's study and detailed business plan recommends key actions to improve FEDEXPOR's institutional development and operating performance. The officers, Board of Directors, and staff must commit to strengthen the federation by increasing membership and enhancing FEDEXPOR's image to achieve self-sustainability. A closer working relationship with Chambers and governmental institutions needs to be achieved. Project implementation was hindered by the resignation of the Executive Director in June. Simultaneously, five Board members on the Coast resigned. It is expected that a new President will be appointed in early 1994.

Corrective Actions: USAID will condition approval of the work plan, support for Executive Director, and future assistance on the adoption of business plan and other rectifying actions.

3. Issue: Funds from USAID terminate in September 1994. Section 599 permitting, the Mission will assess the need for additional assistance beyond that date. As stated above, Louis Berger's business plan sets forth a program for increasing membership, increasing revenue from members and fees for services, and focusing federation activities to reduce operating expenses. The plan makes specific recommendations for strengthening federation management and upgrading staff skills. The recently completed assessment also makes recommendations on focussing FEDEXPOR activities.

Corrective Actions: USAID will condition approval of the work plan, support for Executive Director, and future assistance on the adoption of business plan and other rectifying actions.

FUNDACION ECUADOR

1. Issue: USAID/W has not provided its formal guidance concerning continued support for investment promotion. Based upon informal, draft Section 599 guidance, the

project has restricted investment promotion in the U.S. The Mission and FE have installed a filtering or clearance process to assure conformance with Section 599 with respect to assuring there will be no loss of jobs in the U.S. as a result of an investment made in Ecuador. If draft Section 599 guidelines are formalized by USAID/W, the Mission may be required to discontinue general budgetary support to FE, as well as to FEDEXPOR and PROEXANT. USAID also may be required to restrict financial support to funding TA in economic analysis, policy reform agendas and self-sustainability.

Corrective Actions: The Mission established criteria to comply with Section 599 by instructing FE, FEDEXPOR, CISE and PROEXANT that USAID funds may not be used for prohibited activities according to the draft General Counsel guidance dated September 3, 1993. However, USAID/W needs to issue reasonable final guidance as soon as possible.

2. Issue: Throughout 1993, USAID allocated substantial staff resources to monitoring FE operational activities for the purpose of establishing a focus within FE. In spite of numerous meetings and written communications, various drafts of FE's 1993 work plan were unacceptable to USAID due to concerns regarding the scope of FE's involvement in economic and social policy reform. A strategy for a policy reform agenda is needed to identify not only the specific policy reforms, but also the necessary TA.

The inability to reach agreement regarding FE's 1993 work plan delayed the implementation of a majority of the originally planned activities. As a direct consequence, there is a gap between estimated and actual expenditures. From the total committed funds (\$2,485,623) only 20% were disbursed. However, recent progress will result in accelerated use of funds.

Corrective Actions: USAID will work closely with FE to ensure compatibility of USAID and FE policy agendas and will arrange appropriate TA to assist in the definition of strategies and institutional development.

3. Issue: FE is preparing a plan to achieve self-sustainability. It is expected that the plan will be delivered to the Mission in early 1994. In the interim, FE is conducting discussions with other donors to gain financial support for FE's institutional strengthening.

Corrective Actions: Counterpart contributions are being monitored to assure compliance with the CA's commitment.

IESC

1. Issue: The Mission is uncertain as to the future role of IESC.

Corrective Actions: In early 1994, the Mission will undertake the preparation of a T&I project paper supplement which will analyze the feasibility and need for further financial support to IESC.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

FEDEXPOR

1. Approve 1994 work plan.
2. Assure effective implementation of the recommendations in the recent evaluation report and the Louis Berger study on Image, Services and Sustainability.
3. Approve contract for the new Executive Director of FEDEXPOR.
4. Hire a new technical advisor assistant for Guayaquil.
5. Elect new President of FEDEXPOR, as well as new members of the Board of Directors.
6. Starting October 1993, initiate the process of project monitoring according to the technical advisor's recommendations.
7. Monitor compliance with Section 599.

FUNDACION ECUADOR

1. Initiate audit of CA.
2. Mission Staff will collaborate directly with FE for CA extension and 1994 work plan preparation and approval.
3. Approve policy dialogue strategy for economic and social policy reforms for capital markets and privatization development.
4. Mission staff will collaborate with FE on sustainability plan and M&E system.
5. Monitor IA to Superintendencia de Compañías.
6. Supervise implementation of Executive Committee alternate members to improve its performance.
7. Monitor compliance with Section 599.

IESC

During the extension IESC will do the following activities:

1. Ecuador investment promotion office:
 - Potential Sectoral Identification Study.
 - Five Sectoral Studies.
 - Procurement of two vehicles.
 - Review operational expenses and accounting procedures.
2. IESC Independent Audit.

PRIVATIZATION/CAPITAL MARKETS DEVELOPMENT

1. Continue, on an as-needed basis, technical assistance to CONAM.
2. Complete appraisals, privatization plans, and sales documents for several MAG, CFN and BNF companies.
3. Continue FE policy advocacy efforts for the successful implementation of the new capital markets and modernization/privatization laws.
4. Amend PW/IPG contract to provide for a long-term advisor residing in Ecuador.
5. Continue coordinating the for sponsorship of privatization and capital markets

seminars, workshops and conferences with FE.

6. Coordinate with FE the development of its investment promotion strategy (including an assessment of the potential for venture capital development in Ecuador).
7. Evaluate PW/IPG's performance, under the buy-in contract, in coordination with USAID/W's G/PRE Office.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

A ___ B X C ___

BACKGROUND DATA

Project Title: Agricultural Sector Reorientation (ASRP)
 Project Number: 518-0051 (Loan 518-T-063)
 Date of Authorization: original 07-31-85 last amendment 09-22-93
 Date of Obligation: original 07-31-85
 ACD: original 07-30-90 last amendment 12-31-94
 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
 ID Project Manager: Mónica Suquilanda
 Status of CPs/Covenants: 100% met
 Date of Last Evaluation: 05-11-92 Next evaluation: 11-01-94
 Date of Last Audit: 04-15-93 (1) Next Audit: 01-01-94 (IDEA)
 12-31-93 (MAG)
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and resolution Program: 8 2

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 7,100,000 last amend \$11,655,000
 Loan: original \$ 1,400,000
 Amount Obligated: DA Grant: original \$ 700,000 last amend \$11,500,000
 Loan: original \$ 1,400,000 last amend \$ 1,395,690
 Current FY Oblig. Grant: \$ 1,073,000
 Loan: \$ (4,310)
 Amount Committed: Grant - Period: \$ 680,678
 Cumulative: \$11,117,387
 Loan - Period: \$ 0
 Cumulative: \$ 1,395,690
 Accrued Expenditures: Grant:
 Period - Projected: \$ 250,538
 Period - Actual: \$ 338,044
 Cumulative: \$10,240,020
 Period - Next: \$ 340,200
 Loan:
 Period - Projected: \$ 0
 Period - Actual: \$ 0
 Cumulative: \$ 1,395,690
 Period - Next: \$ 0
 Counterpart Contribution: Planned: \$ 4,000,000
 Actual: \$ 3,359,731
 % LOP Elapsed: 86
 % of Total Auth. Oblig. (Grant) 99
 (Loan) 100
 % of Total Oblig. Exp. (Grant) 89
 (Loan) 100
 % of Total Auth. Exp. (Grant) 88
 (Loan) 100

1. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
1. Situational & Outlook Reports	24	*	31	8	6	31	129
2. Decision-Makers Special Studies	40	*	61	7	15	61	152
3. Crop Market News	12	*					100
4. Agroclimatic Impact Assessment	8	*	28	15	18	28	350

5. Institutionalization of

Public & Private Project Units 6 * 1 1 1 1 16

*Output matrix reformulated 3/93 by Mission to accurately reflect Project Paper EOPs; planned outputs for Mar-Sep 1993 semester were not established.

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
5. IDEA Policy Analyses	15		15	4	2	43	286
7. Training	M F	M F	M F	M F	M F	M F	M F
Long Term (IDEA)	10	0 0	8 2	5 0	0 0	6 1	70
Short Term	100	0 0	69 31	0 0	0 0	69 31	100
- Local							58 30
- International (USA)							11 1

III. PROJECT DESCRIPTION

The purpose of the project is to realign agricultural sector policies to create a policy environment and set of incentives which promote increased productivity and production. The purpose is to be achieved through strengthening the analytic capacity in the MAG and the private sector, supported by improved agricultural data and information.

The ASRP consists of the following components and activities:

1. Improved economic policy analysis

Ministry of Agriculture Policy Analysis Division (DAP)

The DAP concentrates on monitoring, analyzing, and reporting on sector performance variables to improve short-term decision-making by government officials and policy makers.

Institute of Agricultural Strategies (IDEA)

This non-profit, private-sector foundation concentrates on policy analysis and dialogue to improve the overall policy framework.

2. Improved agricultural data, statistics and trend analysis

Agricultural Price and Market News Reporting Service

This MAG unit was strengthened to develop an improved national system for collecting, processing and reporting wholesale price information for major commodities from major markets, including border markets.

Crop and Livestock Reporting System

This MAG unit was strengthened to develop an improved, objective, timely, and reliable system for collecting, processing, reporting and projecting area, yield, and production data for major commodities.

Agroclimatic Impact Evaluation

This MAG unit provides and disseminates current information and analysis of the impact of changes in climatic variables on crop performance, from planting through harvest.

Computer Center

This MAG unit was strengthened to provide more responsive and effective information services in the areas of training, system development, repair and maintenance, and technical assistance to micro-computer users throughout the MAG and its affiliated agencies.

The data, statistics and trend analysis activities feed directly into the analytical work undertaken by DAP and IDEA. The effective and timely performance of these information units is critical to achieving the project purpose.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

The Mission has traditionally attributed 100% of the project's funding to SO2, "Increased income on small and medium farms from selected commodities." Multiple studies have demonstrated that policy constraints and inappropriate policy decisions reducing agricultural sector growth and farm incomes in Ecuador are inextricably linked. However, during the reporting period, Mission management decided to merge the former SO2 and SO1 into a unified SO1 for the promotion of economic growth.

The ASRP contributes to the relaxation of these constraints and, thereby, increased small and medium farm income and increased sustainable economic growth for a broad base of the population through three interrelated actions: (1) policy analysis and dialogue by IDEA to improve overall sector policies; (2) sector performance analysis in the DAP to improve short-term decision-making; and (3) the provision of accurate, objective, and timely data and information to support empirical policy analysis, reasoned dialogue, and decision-making.

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

The purpose of the project remains a valid statement and progress toward the purpose achievement has been substantial.

The End of Project Status is: (1) reduced government intervention in pricing of agricultural commodities, from 16 to only 3 commodities; (2) reduced government intervention in marketing of agricultural inputs, services and products; (3) realignment of food subsidies, policies and procedures to increase efficiency in targeting low income consumers; and (4) realignment of structure of incentives for production of agricultural commodities.

There have been no agriculture products under price controls since January 1993. The GOE is reducing intervention in state-owned enterprises (SOEs) and has begun to sell several SOEs while drastically reducing government employment. It has redirected public agency roles towards more normative functions by Executive Decree and will codify these policies in the Modernization of State Law submitted to Congress. The scope and activities of the state-owned fertilizer agency (Fertisa), grain marketing agency (ENAC), and farm-product retailing agency (ENPROVIT) have been greatly reduced and face eventual elimination.

Both the DAP and IDEA have been instrumental in the development of the GOE's policy

in agriculture designed to enable Ecuador's entry into the Andean Common Tariff Treaty while moving towards a completely free market system. ASRP activities within DAP have resulted in significant progress towards institutionalizing the units within a new sub-Secretariat of Policy Analysis to sustain their positive impact on the decision-making process, and to increase the demand for empirical analysis among other governmental agencies (e.g. Ministry of Planning, Ministry of Finance).

Project influence on the decision-making process is manifested in the 18 special reports produced for MAG executives during the reporting period and their increased dependency upon the objectivity and accuracy of the reports when dealing with the demands of special interest groups both within and outside the sector. The number of requests for additional analyses has increased dramatically due to recognition of their usefulness, the response capacity of the ASRP, and the reliability of the information sources.

IDEA has been contracted to develop the Technical Assistance Project (PAT) for the World Bank (WB) for the reorientation of the irrigation sector, based upon USAID-pioneered concepts of self-governance among water-user association beneficiaries. The bank also contracted IDEA to analyze the National Development Bank's (BNF) role (or constraint thereof) regarding rural financial intermediation. IDEA continued to coordinate and promote discussion of the new Agrarian Law and helped draft compromise versions for the Executive Branch and Congress. Throughout the process, IDEA continued its public education activities regarding the importance of the Agrarian Law and the need to restructure the irrigation sector.

The institutionalization of private sector policy analysis capacity is near completion. IDEA is now a well recognized institution capable of conducting policy analysis in the agricultural sector; the foundation's senior economist was recently drafted by the IDB to direct its Country Team in developing the new Agriculture Sectoral Program loan.

VI. PROGRESS DURING REPORTING PERIOD

MAG

1. The Project provided technical support to the Technical and Marketing Under-Secretary on privatization, restructuring, modernization of the grain marketing system and the irrigation subsector.
2. ASRP and IDEA personnel assisted the country's largest rice grower's association to lower transaction costs and raise income of small farmers.
3. Public sector funds have been budgeted to increasingly cover operating costs, as ASRP activities are incorporated into the new Policy Sub-Secretariat. During 1994, 85% of the Policy Sub-Secretariat personnel will be ASRP counterparts.
4. Two major surveys were executed: the coastal crop survey, which included a complete revision of the sample stratification for the Guayas Province in

coordination with the National Rice Program and INEC; and a wheat and barley production survey conducted in the highlands.

5. Training activities were initiated for DAP personnel in policy analysis techniques using econometric models.

IDEA

1. The Program Agreement with MAG, the CA with IDEA, and the Project Coordinator Personal Services Contract were extended to December 30, 1994.
2. USAID received and approved IDEA's January-September 1993 workplan, and PACT specific seminar recommendations will be incorporated into the next 18 month workplan.
3. Recommendations from the LACTECH Assessment have been incorporated into the new CA with IDEA.
4. IDEA has begun developing policies under contract with the WB and MAG to reform the national irrigation system.
5. Coordination of analyses and dialogue advocating policy reform continues to obtain congressional approval of laws and regulations affecting real property rights, land markets, production and export deregulation, tariff reform, support for research, extension and education, and the elimination of constraints to rural financial intermediation.
6. The IDEA office in the coastal region (Guayaquil) is assisting the largest rice grower's association to organize, plan, and consolidate its services to members, and candidates have been identified to join IDEA's Board of Directors.

USAID

1. Mission disapproval of the follow-on Agricultural Sector Development Project (0111) resulted in an extension of the ASRP activities, focussed upon policy reform activities. The ASRP Project Authorization was amended to increase total grant funding by \$955,000 and to extend the PACD to December 31, 1994. The Bilateral Agreement with MAG was amended to increase the Agreement by \$465,000 to provide technical assistance and project coordination services. The IDEA CA was amended to increase Grant funding by \$490,000 for policy studies and dialogue.

VII. GENDER CONSIDERATIONS

Project activities advocate the full participation of women in seminars and long-term and short-term training, wherein a 31% level of participation has been achieved. Of more significance, all of the analyses conducted by IDEA incorporate methodologies to address and measure the impact of policy reforms upon gender.

III. EVALUATIONS AND AUDITS

An internal audit of ASRP/MAG is now scheduled for the fourth quarter of CY 1993. IDEA's last audit was conducted in April 1993. The Project Evaluation Summary (PES) for the 1989 evaluation was submitted, and a PES for the 1992 evaluation will be submitted during the next reporting period.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: The establishment of the Policy Sub-Secretariat and its incorporation of ASRP activities will bring leadership changes, new relationships, and closer proximity to decision-makers. As part of the reorganization, the prices and agro-climatic units will be merged into the statistics unit.

Corrective Actions: The project will develop a strategy for the adjustment process to be incorporated into the CY 94 workplan. An internal evaluation of the statistics unit will be undertaken to provide recommendations for changes in unit operations to improve data quality and timeliness.

2. Issue: Participation of local institutions in the rural household survey study failed to live up to their commitments and no major progress towards completion of agreements between the MAG and the Institute of Statistics and Census (INEC) to carry out the survey were achieved during the last 6 months.

Corrective Actions: The USAID PASA with BUCEN which was established to provide TA to ENAC was terminated. USAID will continue dialogue with World Bank (WB) representatives to facilitate WB support to establish an information and analysis system which will be used to develop a new agricultural census. Once this system is in place, the MAG will be ready to conduct the rural household survey with donor support.

3. Issue: IDEA's success as a respected policy analysis "think-tank" and the increased demands by the IDB, WB, and other donors upon the Foundation's senior consultants has heightened IDEA's need to improve its administrative and financial management capability.

Corrective Actions: Corrective measures have been incorporated into the new CA requiring administrative and financial strengthening actions. Project management oversight will be increased to monitor their implementation.

4. Issue: Midway through the second semester, the Mission re-examined the scope of its portfolio and our capacity to effectively address five SOs in the face of planned reductions, restructuring and increasingly focussed emphasis upon four global problems--economic growth, population and health, democracy and environment. SO2 was incorporated into SO1 and the Mission obligated limited incremental funding into this existing project's agreements and refocused project outputs upon increased policy reform. The actions flowing from this decision require a re-examination of the implementation matrix for policy reform.

Corrective Actions: The Mission will review the SO tree, project outputs, indicators, and M&E plans of the project in order to more clearly reflect the consolidation of the previous two SOs into one economic growth SO. As the Mission reformulates the SO tree and other monitoring requirements for SO1, an analysis and review of the recently modified ASRP project outputs will be undertaken to determine their degree of attribution to achieving SD4 in addition to SO1.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

MAG

1. Incorporation of ASRP activities into the Policy Sub-Secretariat.
2. Initiate policy studies in production, marketing, and trade policies.
3. Design and initiate more coherent internal training program for policy analysis and statistics.

IDEA

1. Complete a 15 month workplan based on the modified CA signed in September.
2. Design and implement a policy reform monitoring system.

USAID

1. Implement IDEA's new policy reform tracking system to improve USAID monitoring of policy analysis, dialogue and action.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

A ___ B ___ C X

I. BACKGROUND DATA

Project Title: Agricultural Research, Extension and Education (AREE)
 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 Manager: Fausto Maldonado
 Status of CP's/Covenants: N/A

Date of Last Evaluation: 05-01-91 Next evaluation: 12-30-94
 Date of Last Audit: 03-12-93 Next Audit: 12-15-93

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and resolution Program:	8	Number of such audits contracted for/completed during the reporting period:	2
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FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 7,000,000
 Amount Obligated: DA Grant: original \$ 2,817,000 last amend \$ 7,000,000
 Current FY Oblig: \$ 0
 Amount Committed: Grant - Period: \$ 0
 Cumulative: \$ 7,000,000
 Accrued Expenditures: Grant:
 Period - Projected: \$ 384,600
 Period - Actual: \$ 391,804
 Cumulative: \$ 6,379,705
 Period - Next: \$ 350,000

Counterpart Contribution: Planned: \$2,000,000
 Actual: \$5,258,426
 % LOP Elapsed: 80
 % of Total Auth. Oblig. (Grant) 100
 % of Total Oblig. Exp. (Grant) 91
 % of Total Auth. Exp. (Grant) 94

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
1. Research/Extension Links	3	0	3	0	0	3	100
2. Agreements signed: PVDs & Public Inst.	16	1	16	0	3	48	281
3. Inst. Contracts & Univ.	6	0	6	1	0	19	317
4. Workshops	600	20	600	3	18	1079	180
5. Research Activities	200	6	173	3	6	214	107
6. Technology: Validated	22	0	22	0	1	56	255
Demonstrated	22	0	22	2	6	86	391

	Adopted	22	0	19	0	0	22	100
7. Studies	15	10	15	0	8	45	300	
8. Publications	120	50	120	5	6	236	192	
9. Work with Prod. Assoc.	35	0	35	1	2	43	123	
	PLANNED				NEXT		ACCOMPLISHED	
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	% OF LOP	
10. Other Donor Contrib. (\$'000)								
a. Endowment*	300	80	300	5	0.0	2842.7	948	
b. Projects	3900	100	2722	150	170.0	3884.0	100	

	LOP	M	F	M	F	M	F	M	F	M	F
11. Professionals Trained											
a. Long Term	7	1	0	3	0	0	0	1	0	4	0
b. Short Term	228	4	0	134	52	0	0	5	5	146	93
12. Farmers Trained	9000	400		9000		100		200		10400	116

(*) Includes \$900,000 estimated value of 200 ha. of irrigated land, farm equipment and building received from CEDEGE.

III. PROJECT DESCRIPTION

The purpose of the project is to develop the capacity of the Foundation for Agricultural Development (FUNDAGRO) to serve as a catalyst for the establishment of an improved and integrated agricultural research, extension and education (REE) system in selected commodities, which fortifies and expands upon existing public and private efforts to deliver a steady flow of productivity-increasing, cost-reducing technologies to a wide spectrum of farmer-client groups with special interest in small and medium-sized producers.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

USAID has traditionally attributed 100% of this project's funding to support SO2, "Increased income on small and medium farms from selected commodities." However, during the reporting period Mission management decided to merge the former SO2 and SO1 for the promotion of economic growth.

Multiple studies have demonstrated that policy constraints and inappropriate policy decisions reducing agricultural sector growth and farm incomes in Ecuador are inextricably linked. Failure to invest in the national scientific base and other misguided economic policies have combined to dramatically increase natural resource mining activities in the increasingly impoverished rural sector. Soil-depleting and erosive exploitation of marginal and steep lands has increased.

The AREE Project contributes to the relaxation of these constraints through four interrelated activities: (1) improving and strengthening FUNDAGRO's administrative and financial structure as well as its technical capabilities; (2) establishing research and extension linkage units within priority commodity programs (presently coffee, dairy and cassava); (3) supporting scientific-based research, extension and education systems for other commodities on a selective basis as the opportunity arises; and (4) strengthening and supporting Ecuadorian universities participating in the REE program and activities.

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

The purpose remains valid and substantial progress has been achieved in meeting the end of project status.

A commodity prioritization and selection process has been established to assist

FUNDAGRO and cooperating PVOs and public sector institutions to concentrate resources on priority commodities. FUNDAGRO's financial viability has been strengthened through increased and diversified funding, as well as sound investment of its assets; progress for this indicator has exceeded expectations. FUNDAGRO owns a 7-story building in Quito, and has an office building in Guayaquil.

Strong operational linkages have been forged with private and public sector institutions involved in REE, both locally and internationally. The number of universities, professors, graduate and undergraduate students actively participating in the program has surpassed expectations. FUNDAGRO has apparently made great efforts to incorporate gender considerations into all phases of its activities, as indicated in past and current impact assessments, although additional research is required to substantiate these initial findings.

VI. PROGRESS DURING REPORTING PERIOD

1. Funding for proposals submitted for corn production systems improvement, and cacao and plantain biotechnology are being sought through a Spanish NGO which has access to a larger pool of funds than the Spanish Agency for Cooperation.
2. The Organic Farming activity, which will greatly assist rural women to increase their incomes, has been successfully field-tested and is now being implemented and grant and loan resources from the Ecuadorian Canadian Fund (FECD) have been received to expand production and marketing elements of the potato activity.
3. Plans are being finalized to sign a Memorandum of Understanding with the University of Georgia, USAID/W and USAID/Ecuador to initiate the SANREM Collaborative Research Support Program (CRSP).
4. The agreement with MAG to coordinate the Cocoa Research and Extension Project funded by the CEE/CIRAD has been signed and approved by CONADE and a proposal to establish a Research Fund is being coordinated with IDEA.

VII. GENDER CONSIDERATIONS

Several training development activities are specifically carried out by women's organizations. 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. A new group of women nutritionists has been added, under an agreement with Escuela Politécnica de Chimborazo (ESPOCH), to provide assistance to women's groups in other AREE areas. FUNDAGRO has implemented activities with a total of 27 women's groups, under the AREE Project and projects implemented with other donor funding.

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

visited the Guamate area in June met three of these women who are now leaders in their communities.

III. EVALUATIONS AND AUDITS

The FUNDAGRO evaluation unit has been working with USAID to redesign a monitoring and evaluation plan for the newly consolidated SO1. The 1992 audit was conducted in March 1993. The report's findings were accepted by the USAID. A Project Evaluation Summary (PES) for the evaluation completed in 1991 will be submitted during the next reporting period.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: Following USAID approval of FUNDAGRO's expanded 1992-93 Workplan without increased funding, and the Mission's subsequent disapproval of a follow-on project in the Fall of 1993, it appears that currently planned activities will exhaust USAID project funding at least six months prior to the PACD.

Corrective Actions: FUNDAGRO has begun to refocus its activities and seriously address issues related to self-sustainability. The Mission will increase project monitoring and implementation oversight as FUNDAGRO implements a strategy that requires a reduction of personnel, project based financial planning, diversification of funding sources, budgeting a small number of permanent personnel (core staff) to be financed by the interest generated from the endowment fund, and implementing income-generating activities through service and consulting fees.

2. Issue: During August and September, allegations regarding the mismanagement of endowment funds, project vehicles, employee loan funds and abuse of authority by one or two FUNDAGRO employees were investigated by USAID/Ecuador and RIG. Preliminary findings were shared with the Board of Directors.

Corrective Actions: An independent commission will be established by the Board to review the findings, conduct additional investigations, and recommend actions to the Board to strengthen its oversight. A financial analyst will be contracted by USAID to oversee financial operations in FUNDAGRO's headquarters and another auditor will review all CY 93 expenses.

3. Issue: Midway through the second semester, USAID re-examined the scope of its portfolio and our capacity to effectively address five SOs in the face of planned reductions, restructuring and increasingly focussed Agency emphasis upon four global problems--economic growth, population and health, democracy and environment. SO2 was incorporated into SO1 and the Mission obligated limited incremental funding into this existing project's agreements and refocussed project outputs upon increased policy reform. The actions flowing from this decision require a re-examination of the implementation matrix for policy reform.

Corrective Actions: The Mission will review the SO tree, project outputs, indicators, and monitoring/evaluation plans of the project in order to more

clearly reflect the consolidation of SO1 and SO2 into one economic growth SO. As the Mission reformulates the SO tree and other monitoring requirements for SO1, an analysis and review of the project outputs will be undertaken to determine their degree of attribution to achieving SO4 in addition to SO1

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Financial sponsors will be sought for the UNIFEM Organic Farming project, which has already been approved by UNIFEM and the National Planning Board (CONADE); and the corn production system improvement, cacao, plantain and other crop biotechnology proposal will be obtained.
2. The biotechnology agreement with Agristar allowing FUNDAGRO to have its own patent for micropropagation will be finalized.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

A X B ___ 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 09-10-92
 P/ACD: original 07-20-94 amended to 12-31-97
 Implementing Agencies: Fundación Privada Wilson Popenoe
 Major Contractors: Escuela Agrícola Panamericana "El Zamorano"
 MID Project Officer: Cecilia Tarré
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 00-00-00 Next evaluation: 00-00-00
 Date of Last Audit: 03-31-93 Next Audit: 01-01-94

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and resolution Program: 4

Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

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

Accrued Expenditures: Grant:
 Period - Projected: \$ 1,732
 Period - Actual: \$ 1,732
 Cumulative: \$1,000,000
 Period - Next: \$ -0-

Counterpart Contribution: Planned: \$2,898,600
 Actual: \$1,040,000

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

% of Total Oblig. Exp. (Grant): 100
 % of Total Auth. Exp. (Grant): 100

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	M & F					
1. Training (persons*)												
Long Term	190	69	0	113	60	20	90	5	90	5	47	7

(*) Number of students enrolled into Freshman Class at EAP on scholarship. Targets for female and male participation 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 project provides funding to the Wilson Popenoe Foundation to underwrite scholarships for qualified, low-income, Ecuadorian students who wish to obtain a hands-on, application-oriented higher degree in agricultural production techniques at the EAP.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

The Mission has traditionally attributed 100% of this Project's funding to support SO2, "Increased income on small and medium farms from selected commodities." However, during the reporting period, Mission management decided to merge the former SO1 and

S02 into a unified S01 for the promotion of economic growth.

Multiple studies have demonstrated that policy constraints and inappropriate policy decisions reducing agricultural sector growth and farm incomes in Ecuador are inextricably linked. Failure to invest in the national scientific base and other misguided economic policies have combined to dramatically increase natural resource mining activities in the increasingly impoverished rural sector. Soil depletion and erosive exploitation of marginal and steep lands has increased.

The project contributes to the relaxation of these constraints through four interrelated activities: (1) providing a funding mechanism whereby qualified, low-income, Ecuadorian students can be trained at the region's premier agricultural education institution; (2) structuring the scholarship contract in a manner which encourages the students to return to Ecuador upon completion of their education; (3) supporting scientific-based research, extension and education activities undertaken by the students upon their return to Ecuador; and (4) developing mechanisms to increase the endowment fund in order to fund increased numbers of qualified applicants.

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

The purpose of the project remains valid and progress towards achievement of the End of Project Status exceeds the original expectations.

To boost the purchasing power of the original obligation, a debt swap was undertaken. With the debt purchase now in place, the total number of scholarships to be granted to Ecuadorian students during the life of Project has been increased from 105 to 259. The Popenoe Foundation has made satisfactory progress in the recruitment, selection, and awarding of new scholarships. To date, a total of 95 scholarships has been granted and in January 1994 (the beginning of EAP's school year), 80 additional students will be awarded scholarships.

VI. PROGRESS DURING REPORTING PERIOD

1. A media campaign was carried out to inform prospective candidates about the EAP scholarship program. Qualifying examinations for the class scheduled to enroll in January 1994, were given in Quito, Portoviejo, Guayaquil and Cuenca in June.
2. For the first time in its 50 year history, the EAP Board of Directors has scheduled its Annual Meeting in a country other than Honduras or the U.S. (where the school is incorporated). The venue chosen for the meeting, Quito and Guayaquil, reflects the enormous impact that USAID/Ecuador scholarship funding has had on the school over the last decade; to date, more than 478 Ecuadorians have graduated from Zamorano (second only to Honduras).
3. The first tranche of interest (US\$13,881) earned from the debt swap was received, converted by the Central Bank, and disbursed to the Foundation.

VII. GENDER CONSIDERATIONS

Women's participation in the training program increased. At the present time there are five Ecuadorian women enrolled at EAP. However, this number will increase in the future as the promotional campaign stresses women applicants. EAP's reputation as a militaristic institution prior to becoming co-educational in 1985 inhibits recruitment of women students. Nevertheless, from the total of 134 students who took the first admission test, 36 were women.

VIII. EVALUATIONS AND AUDITS

The CY 92 Audit Report was presented by Romero & Asociados in August. Audit recommendations have been implemented. A Project Evaluation Summary (PES) was completed and submitted following the 1989 evaluation.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: The PACD of this Project is December 31, 1997, and all project funds have been disbursed for the debt swap purchase. Students who are selected for scholarships receive only partial coverage of the expenses at Zamorano, drawn upon an account established in the U.S. which is sustained by earnings from the debt swap endowment fund. All earnings on the endowment are the property of the Wilson Popenoe Foundation. The balance of the students' funding requirements are obtained through a non-USAID, GOE scholarship loan fund.

Corrective Actions: The Mission will decide in early CY 94 whether or not to move up the PACD to terminate the project, taking into consideration that USAID has disbursed 100% of project funds.

2. Issue: Midway through the second semester, the Mission re-examined the scope of its portfolio and its capacity to effectively address five S0s in the face of planned reductions, restructuring and increasingly focussed Agency emphasis upon four global problems--economic growth, population and health, democracy and environment. S02 was incorporated into S01 and the Mission obligated limited incremental funding into this existing project's agreements and refocussed project outputs upon increased policy reform. The actions flowing from this decision require a re-examination of the implementation matrix for policy reform.

Corrective Actions: The Mission will review the S0 tree, project outputs, indicators, and monitoring/evaluation plans of the project in order to more clearly reflect the consolidation of the previous two objectives into one economic growth S0. As the Mission reformulates the S0 tree and other monitoring requirements for S01, an analysis and review of the project outputs will be undertaken to determine their degree of attribution to achieving S04 in addition to S01.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. The Mission will monitor progress reports as specified in the last Grant Amendment, particularly with regard to the yearly sale of bonds and endowment fund uses and

interest earned, and the gender-disaggregated participant targets.

Coordinate meetings with Embassy, USAID and Ecuadorian entities (Banco del Pacífico, AGEAP, Minister of Agriculture, the President of the Republic and FUNDAGRO) for the Board of Directors visit to be held in Quito in November 1993.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Policy Dialogue Support
 Project Number: 518-0089
 Date of Authorization: original 09-20-90 last amendment 06-25-93
 Date of Obligation: original 09-28-90 last amendment 09-09-93
 PACD: original 09-30-94 amended to 09-30-95
 Implementing Agencies: INCAE
 Major Contractors: None
 AID Project Officer: Patricio Maldonado
 Status of CPs/Covenants: N/A

Date of Last Evaluation: N/A Next evaluation: 10/93
 Date of Last Audit: 07-24-92 Next Audit: not scheduled
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 0
 Number of such audits contracted for/completed during the reporting period: 0

FINANCIAL DATA

Amount Authorized: DA Grant: original \$2,800,000 last amend \$3,791,751
 Amount Obligated: DA Grant: original \$2,800,000 last amend \$3,566,806
 Current FY Oblig.: Grant: \$ 75,055
 Amount Committed: Grant - Period: \$ 75,055
 Cumulative: \$3,566,806
 Accrued Expenditures: Grant:
 Period - Projected: \$ 338,910
 Period - Actual: \$ 461,069
 Cumulative: \$1,909,627
 Period - Next: \$ 380,000

Counterpart
 Contribution: Planned: Sucres 1,120,000,600
 Actual: Sucres 1,008,460,700

% LOP Elapsed: 60
 % of Total Auth. Oblig. (Grant) 100
 % of Total Oblig. Exp. (Grant) 54
 % of Total Auth. Exp. (Grant) 54

II. MAJDR OUTPUTS:

	PLANNED				ACCOMPLISHED				% OF LOP	
	PERIOD		CUM	NEXT PERIOD		PERIOD		CUM		
	M	F		M	F	M	F			M
<u>Seminar and Workshop Participants</u>										
Component 1	490	490	00 30	980	30 30	33 04	1369	313	279	64
Component 2	228	227	80 80	855	115 115	146 29	251	73	110	32
Component 3	267	268	80 80	471	136 136	89 21	318	78	119	29
Component 4*	200	200	20 20	400	00 00	43 13	328	96	164	48
Component 5**	—	—	—	—	—	—	152	50	—	—

* This component has been eliminated.
 ** This is a policy implementation component which does not rely upon seminar and workshop type activities.

III. PROJECT DESCRIPTION

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 project has four main activities which help reach this purpose: (1) policy dialogue seminars and publications to help build consensus among Ecuadorian decision-makers; (2) leader training in economics; (3) revision of the teaching of economics at the university level; and (4) policy implementation for the GOE.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

This project supports primarily SO1: Increase Sustainable Economic Growth for a Broad Base of Population. Policy dialogue at the macroeconomic and sectoral levels and training in business administration and economics directly contribute to an improved framework for economic growth with equity.

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

During the next reporting period, an external evaluation of the project will be conducted which will focus on the progress of the project thus far and on the development of a monitoring and evaluation plan. Progress toward purpose achievement will be reported in the next SAR based on findings from the evaluation. In the meantime, there is a general consensus that the project is achieving much in terms of supporting the necessary on-going dialogue to sustain the reforms initiated by the Durán-Ballén government.

VI. PROGRESS DURING THE REPORTING PERIOD

1. At the request of political parties, 20 leaders with the greatest potential for participating in Ecuador's political arena, were sent to Costa Rica for a two-week training in basic economics and leadership skills. Under this same component, there was wide distribution of INCAE's book "La Transición a una Economía Petrolera" and Carmelo Mesa-Lago's books on reform of the social security system.
2. Major long-term training of the 40 men and women already finalizing their first years in the Masters in Business Economics program was augmented by the sending of another group of 30 Ecuadorians for environmental and industrial reconversion studies. Environmental studies were included to take into account the high priority given to this area by USAID. Industrial development was included to take into account the present need for fundamental industrial reconversion in the Ecuadorian economy.
3. Intensive one-week courses on macroeconomic and microeconomic theory and international trade were given to 53 professors from the economics departments of the major universities of Cuenca, Guayaquil and Quito.
4. INCAE-funded technical assistance (TA) by social security experts Carmelo Mesa-Lago and Francisco Bayo. Mesa-Lago analyzed and provided recommendations for major reform of the Ecuadorian Institute of Social Security (IESS) and Bayo analyzed and helped update the IESS actuarial statistics.
5. Implementation Assistance. At the request of President Durán-Ballén, INCAE gave a three-day workshop which included as participants the President himself, the Vice-President, and his full ministerial cabinet. The two cabinet factions, led by the Minister of Government and Minister of Finance respectively, continued to feud and eventually the President was forced to dismiss the factions' leaders whose differences were irreconcilable. Although INCAE considers this a Component 5 activity, the workshop more appropriately belongs under Component

I since it was primarily a consensus-building, strategic planning exercise with the cabinet. This illustrates differences in USAID and INCAE perceptions as to what constitutes "policy implementation."

VII. GENDER CONSIDERATIONS

To date, the project has been unable to attract adequate participation of women and the results during the reporting period showed a further deterioration -- i.e. only 18% of the participants were women. INCAE needs to re-examine its selection procedures for participants in its seminars and training programs to ensure a more representative gender participation.

VIII. EVALUATION AND AUDITS

The Mission contracted Management Systems International (MSI) consultants to undertake an evaluation of the Policy Dialogue Support Project and design an effective monitoring and evaluation (M&E) plan for policy dialogue activities. Due to scheduling conflicts, the evaluation was delayed until October. MSI will present the results of the evaluation at a retreat on November 18 and, based on those findings, the Mission and INCAE will discuss the future direction of the project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: The project is now at a cross-roads. On the table is an INCAE proposal to increase the LOP funding by \$2 million and extend the project to September 1996 -- a proposal which, as currently drafted by INCAE, provides insufficient justification for that amount of money. The MSI evaluation will be helpful in determining the direction for redesign of the project. A redesign is necessary because the \$2 million represents an increase in the LOP funding of nearly 60% and because both external and internal policy environment conditions have changed since the original design.

Corrective Actions: The Mission and INCAE have agreed to develop a more focused policy agenda designed to support selected international financial institutions (IFI) policy programs in Ecuador. This policy agenda will guide policy dialogue activities during phase II of the project.

2. Issue: An important pending issue is Component 5 which calls for INCAE to provide TA to the GOE for policy implementation. Although INCAE agreed to this Component in an amendment to the Cooperative Agreement in September 1992, it has become clear since then that INCAE is reluctant to provide direct technical assistance to the GOE because it fears that it will compromise its neutrality. This reluctance becomes further apparent by the absence of the policy implementation component in INCAE's \$2 million proposal to extend the project. USAID therefore needs to decide whether technical assistance for policy implementation will remain an important component in the project and, if so, whether this assistance should be channeled through another institution or consulting firm.

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Corrective Actions: INCAE has clarified that it cannot undertake Component 5 type activities which might compromise its neutrality -- e.g. policy advocacy and technical assistance for policy implementation. USAID will therefore reprogram funds currently allocated to Component 5 and find another vehicle to undertake the activities contemplated.

Issue: Lastly, there is the issue of the INCAE campus in Ecuador. A series of negotiations took place over the past year between USAID, INCAE, and the GOE. At one point, the GOE agreed to program \$280,000 of ESF local currency funds and USAID an additional \$220,000 in DA funds for an INCAE campus in Ecuador. However, the latest proposal submitted by INCAE for the campus was unacceptable to AID because it only proposed the purchase of an office building to continue INCAE's existing executive and short-term training programs rather than the establishment of a full-fledged campus.

Corrective Actions: Since there are no near-term prospects that INCAE will develop an acceptable campus proposal, the Mission has decided to reprogram the funds currently set aside for the INCAE campus to another project use.

MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

Evaluate the project and develop a project M&E plan.

Decide on proposed LOP increase in funding and extension, and redesign of the project, if necessary.

An INCAE seminar on social policy in times of structural adjustment and a conference on capital flows will be held.

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positive social and economic impact. Please note that during the reporting period, the geographical distribution has reached the Oriente Region, a region which had benefitted very little from the SDAA in the past. Another achievement is that all SDAA applications were reviewed during this FY.

VI. PROGRESS DURING REPORTING PERIOD

Several projects were visited in the Guayaquil area during this period and are being successfully implemented. One successful project is that of Albergue Maria Reina, which accommodates children of the prisoners from the Social Rehabilitation Centers in Guayaquil and promotes basic education and technical training for the children. A bakery has been installed in this place for selling bread for the Penitenciaría del Litoral. Young adults are gainfully employed within the Albergue. Also, they are implementing a poultry-breeding project, and already started with an horticultural garden for their own consumption and for the community's consumption. This project fills SDAA fund requirements as it has created jobs and generated income to allow children to help their parents who are not able to work.

VII. GENDER CONSIDERATIONS

Approximately 40% of SDAA direct beneficiaries are women, principally in the areas of skills training, artisanry and agriculture. Also, approximately 340 disadvantaged youth, children, and adults have benefitted from the project (mainly in the area of skills training) and will be gainfully employed in the near future.

VIII. EVALUATIONS AND AUDITS

There is none outstanding.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

Issue: In the past, there have been unnecessary delays in responding to SDAA applications, especially on those that don't comply with SDAA requirements.

Corrective actions: (1) applications that don't fill SDAA requirements should be responded to immediately, without taking them to the Committee's consideration, and a letter of explanation should be sent to the applicant explaining the reason why the application has been denied; and (2) SDAA Committee meetings should be arranged as needed in order to review all the applications in three months maximum.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Meet with a Peace Corps Representative in order to develop adequate mechanisms to work more closely with the Peace Corps. An agreement should be reached between USAID and Peace Corps to assign SDAA funds to SPA Projects.
2. Continue the implementation of the FY-94 SDAA Program as soon as funds become available.
3. Ensure a better geographical distribution of the projects.

4. Process SDAA applications in a maximum of three months.

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GENERAL DEVELOPMENT OFFICE
SEMI-ANNUAL PORTFOLIO REVIEW FOR MISSION STRATEGIC OBJECTIVE NO.2
"INCREASE USE, EFFECTIVENESS, AND SUSTAINABILITY OF FAMILY PLANNING
AND SELECTED HEALTH SERVICES"
Second Semester, FY 93

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

The Mission's Health and Family Planning portfolio consists of the Child Survival and Health Project (518-0071), a portion of the National Shelter Delivery System Project (518-0076), the Water and Sanitation for Ecuadorian Development (WASHED) Project (518-0081), the Family Planning and Health Project (518-0084), the Private Pharmaceutical Distribution (PROMESA) Project (518-0093), and the CARE Cholera Response Project (518-0108).

Overall, progress towards achievement of the Strategic Objective (SO) has been positive. Infant mortality, which was nearly 100 per thousand live births in the mid-1970's, has declined by nearly half, to 53 per thousand live births in 1993. During the same period, total fertility rate has dropped from over 6 children per woman to approximately 3.5 children per woman; contraceptive prevalence has increased from 35% to nearly 55%; and immunization rates have increased in some cases from under 10% coverage to nearly 80% (BCG). In the case of polio, coverage has increased from under 15% to 79%. Moreover, there hasn't been a single case of polio reported in Ecuador since 1990.

The Health and Family Planning Project (518-0084) which was authorized in 1991, is the continuation of USAID's highly successful support to Ecuador's family planning programs. USAID has been by far the largest donor in the sector, and the successes include declines in the rate of population growth from over 3% in the late 1970s to approximately 2.3% in 1993. In addition to the SO indicators mentioned above, the two largest family planning NGOs have increased the number of family planning clinics from six in the mid-1970s to forty in 1993. The NGOs are the largest providers of temporary family planning methods in the country.

During this reporting period, Project activities continued with impressive momentum especially in the Project Assistance component. The two organizations which USAID supports, CEMOPLAF and APROFE, continue their move towards EOPS achievement at an accelerated pace. At the end of FY93, the two organizations had reached over 50% of self-sustainability, or 77% of the EOPS with only 33% of the LOP elapsed. At the same time, their family planning coverage has increased as well. During this reporting period, the two organizations provided services to nearly 30,000 new family planning users, approximately 50% of whom were under age 25. The two organizations also started providing two new contraceptives, Depo-Provera, and Norplant, on an experimental basis. The addition of the two new contraceptives further expands the contraceptive choices available to couples, and enhances the strength of the two organizations. As part of the institutional strengthening activities, the two organizations have already set aside over \$300,000 of their own resources towards an endowment fund.

In the Non-Project Assistance (NPA) component, the long awaited meeting of the National Population Commission took place, thereby opening the way for disbursement of the second dollar tranche. The meeting of the Commission was especially important in that the basic tenets of the National Population Policy Plan of Action were approved. The Plan of Action will be Ecuador's main contribution to the 1994 United Nations International Population Conference, to be held in Cairo in October 1994. The Plan of Action document was prepared with significant technical assistance from USAID. The Commission meeting also approved the Sub-Commission on Reproductive Health, which will be charged with assuring the implementation of family planning programs.

A portion of the National Shelter Delivery System Project (518-0076) is included in SO2 because of the important impact the activities have on the availability and

quality of water and basic sanitation in urban areas. During this reporting period, the RHUDD office through the National Shelter Delivery System Project and the GDO office through the Water and Sanitation for Ecuadorian Development Project, WASHED (518-0081), joined forces in carrying out a senior leadership level seminar and workshop on strategies for improving water quality and quantity in the Machala urban area. Machala was chosen because it was the site where cholera broke two years ago, and because there is significant leadership interest in establishing a regional water network. As a result of the seminar, Machala officials have started preparing plans for establishing a regional water authority, increasing water fees and improving the coverage of potable water and basic sanitation.

The Child Survival and Health Project (518-0071) has contributed significantly to the policy dialogue process and operational programs in health care finance and sector reform. Utilizing short term technical assistance, GDO/HFP's Senior FSN staff and the long term advisor for health care finance, project activities in this area picked up significantly during this past semester. The progress which has been made by the project is numerous. For example, the long term advisor has been included as a member of the project implementation committee for the World Bank's FASBASE project. This \$100 million loan project had several problems which were highlighted by USAID early in the design. With the USAID health finance advisor as a permanent member of the project implementation committee, USAID achieves significant leverage over the direction of the FASBASE project. As another example, the GDO/HFP's Senior FSN, taking advantage of the progressive sector reforms being proposed by the newly appointed Minister of Health, carried out a policy observational tour to Bolivia. The result of the visit was even greater openness on part of the Ministry of Health (MOH) to allow for private administration of MOH hospitals and health areas.

WASHED comes to an end on Dec. 31, 1993. The project has achieved the majority of the EOPS, and IEOS, the implementing agency, has requested a no-cost extension for at least one year. Simultaneously, and in collaboration with the RHUDD Office, project resources have been utilized to carry forward a sector policy dialogue effort aimed at achieving a sector strategy for water and sanitation.

The Health Care Finance Project (518-0113), which was presented to USAID/W as part of the FY 93-94 Action Plan in March of 1992 was approved for a FY94 start. However, due to budget limitations, this project was eliminated in the FY95 ABS submission. A selected number of activities which were envisioned for the Health Care Finance Project will be integrated into the redesign of the Child Survival Project.

2. Significant Sector Developments and Issues Relating to SO2

The modernization of the state which is being heralded as one of the GOE President's main political goals, has had an important effect on the achievement of SO2. The institutional re-organizations of CONADE, the MOH, the Ministry of Housing and Urban Development and IEOS, and IESS have all slowed project implementation as officials scramble under uncertain circumstances in an attempt to solidify their positions and offices. These and other major issues, as they affect the achievement of SO2, are summarized below:

Reorganization of CONADE: the reorganization of CONADE has left uncertainty as to what will happen to the Population Policy Directorate. At a minimum, the Directorate has been relegated to the status of a Population Unit with the Social Policy Directorate. Staff have also been reduced, thereby having a negative impact on project implementation. The new Secretary General of CONADE, has indicated full support for

the National Population Policy. However without a secretariat staff CONADE may have a difficult task implementing the Plan of Action which is being prepared.

Changes in MOH guidelines on sterilizations: with regard to family planning within the MOH, the new Minister publicly withdrew a previous liberal policy regarding voluntary surgical contraception, and presented instead a more conservative policy. While the policy affects Ministry operations only, this new policy could have an important effect since the public institutions are the number one providers of surgical contraception.

MOH reform initiatives: almost immediately upon taking office, the Minister of Health announced his policies regarding MOH reform. The policies are very progressive and in keeping with USAID's policy agenda. Some of the proposed reforms include: a) establishing a fee for service; b) allowing for private administration of MOH hospitals and health areas; c) a reorganization of the MOH based on decentralization and devolution of power; and d) reduction in administrative staff. The Minister has requested that USAID provide assistance in drafting, specifying, and carrying out these reforms. In addition, the MOH counts on the existing World Bank (WB) FASBASE project, Panamerican Health Organization (PAHO), and UNICEF support in the implementation of policy reform.

Reorganization of IEOS: the priority placed on basic sanitation by the GOE President was accompanied by new resources for the sector through various mechanisms, and a reorganization of IEOS which moved the institution from being dependant on the MOH to the Ministry of Housing and Urban Development. Along with this move came a significant reduction in personnel. The combination of the re-organization and added resources has caused chaos among the various institutional actors. The Ministry of Housing and Urban Development, together with IEOS, CONADE, and others has taken the initiative in formulating an integrated sector strategy. This strategy, when completed, will be the first of its kind in Ecuador. USAID, along with World Bank, IDB, PAHO, and UNDP is providing technical assistance to this process.

Project Specific Issues: all three major projects (Child Survival and Health, Family Planning and Health, WASHED) require amendment actions. The Child Survival and Health project had an external evaluation that was critical of most of its components. An amendment will respond to evaluation recommendations and will result in a significantly different project, although goal and purpose statements will not change. The WASHED project's PACD is December 31, 1993, and IEOS has requested a no-cost extension. IEOS has also indicated that an important component in the extension will be the policy process in which the reorganized IEOS will need to establish new institutional goals and guidelines. The Family Planning and Health Project is moving ahead at a significantly rapid pace, both in terms of EOPS achievement as well as in expenditures. Thus an amendment will modify the EOPS and provide additional funding, without changing the PACD. An important element in this amendment will be the establishment of endowment funds for the two family planning NGOs, APROFE and CEMOPLAF. Detailed mechanisms for fund establishment and management will be required as a condition to USAID disbursement into the fund.

3. Monitoring of Strategic Objective Indicators

During this reporting period, the SO2 Monitoring and Evaluation Plan was finalized and shared with team members and counterparts. Some highlights in SO achievement include:

1. Percentage cost recovery of selected PVO family planning organizations increased to 50%.
2. The coverage of immunization increased to 86% for Polio, 86% for DPT, 69% for Measles, and 100% for BCG.

3. The number of new users of family planning increased by 30,000.
4. Funds have been set aside by selected family planning NGOs which will go towards the capitalization of an endowment fund, which will be established once all legal procedures have been completed.

4. Recent Developments in Policy Dialogue Related to the SO

Considerable activity has taken place with respect to policy dialogue with the MOH regarding health care finance and institutional reform. Taking the lead of the Minister's interest in reforming the sector, USAID's policy dialogue focus has been on decentralization, private provision of services, fee for service, cost accounting and cost containment. The approach utilized has been one of direct discussion, intervention in a number of committees, and funding of select policy research and operational research activities. In the few months that these policy dialogue activities have taken off, some impact can already be seen: (1) the MOH has already assigned some health areas to private organizations, such as local NGOs and Church groups; (2) fee for service is de-facto law in all hospitals. The MOH is in process of establishing (with USAID assistance) guidelines for fee establishment; and (3) at the request of MOH, USAID has assigned the long term advisor for health care finance as a permanent member of the project implementation committee for the WB FASBASE project.

In addition to the policy dialogue with the MOH, considerable policy dialogue activities also took place with CONADE and with the IESS. Activities with CONADE focused on the importance of the United Nations International Conference on Population and Development. The Conference is an event that is held every ten years and provides the opportunity for countries to re-affirm their commitment to population activities. USAID sees this Conference as an excellent opportunity to push for the adoption of an Ecuadorian Plan of Action for the Implementation of the National Population Policy. Such a Plan of Action would be the first of its kind in Ecuador's history, and would solidify the already positive policy environment that exists vis-a-vis population matters. The Mission's policy dialogue activities centered on assuring CONADE interest in this Conference via a meeting of the National Population Commission. As well, USAID sponsored technical assistance activities in policy research, formulation, and implementation working with CONADE to draft the Plan of Action which will be presented in Cairo.

With respect to IESS, USAID was involved in a two day retreat with twenty senior officials of the Seguro Social Campesino (SSC) and the Administrative Director of IESS, in order to begin the planning process for the 1994 SSC workplan. The significance of this retreat was that USAID was specifically invited by the Director to serve as a resource, and to critically observe the planning process. Interestingly, the planning process at SSC had never followed a program based budgeting, and has never been carried out in an integrated manner. Thus, at this retreat for example, many of the senior SSC officials had never met each other, despite their many years of having worked for the organization. The documents that were prepared at this retreat reflect many of the observations and recommendations made by USAID. The final document is currently being prepared in time for the 1994 budget submission.

5. Review of Issues and Actions from the Last SAR

The following summarizes the outcomes from the major actions of the last SAR:

1. The external evaluation of the Child Survival project was carried out. The re-design is in process and will be completed during the next semester.
2. The conditions precedent for the second NPA tranche have been all met. USAID is awaiting documentation from the Ministry of Finance (MOF) before the funds are disbursed.

5. The Family Planning and Health project is in process of being amended. The Action Memo is currently being circulated for clearance and approval.
6. The health care finance advisor arrived as planned and is carrying out the duties specified in the scope of work.
7. The health care finance concept/strategy paper was completed by external consultants. Use of the concept/strategy paper will change from the original intentions because the Health Care Finance Project has been eliminated due to budget constraints.
8. USAID's water and sanitation assistance will diminish over time, with a limited no cost extension of the WASHED project. Assistance will focus on policy issues.
9. USAID's assistance in AIDS will be limited to obtaining USAID/W projects and resources for select activities. No additional AIDS assistance is planned.
10. Due to budget cutbacks, USAID decided to eliminate the planned Health Care Finance Project (518-0113). Critical elements which had been planned for this new project will be programmed into a redesigned Child Survival and Health Project.

6. Major Actions for the Next Six Months

1. Complete the Amendment for the Family Planning Project and begin its implementation, especially the purchase of laboratory equipment for APROFE and CEMOPLAF.
2. Negotiate with the MOH and complete the re-design of the Child Survival Project, including amending the Project Paper.
3. Complete the amendment of the WASHED Project for a no-cost extension for at least 12 months, focusing on policy dialogue.
4. Begin close-out procedures for the Private Pharmaceutical Distribution Project (518-0093) and the CARE Cholera Response Project (518-0108).

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PROJECT STATUS REPORT
April 1, 1993 - September 31, 1993

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I. BACKGROUND DATA

Project Title: Child Survival and Health (CS&H)
 Project Number: 518-0071
 Date of Authorization: original 06-07-89
 Date of Obligation: original 07-14-89 last amendment 05-26-93
 P/ACD: original 12-31-94
 Implementing Agencies: Ministry of Public Health of Ecuador
 Major Contractors: Management Sciences for Health
 AID Project Officer: Patricio Murgueytio
 Status of CPs/Covenants: All project CPs have been satisfied.

Date of Last Evaluation: 07/93 Next evaluation: 07/94
 Date of Last Audit: 06/92 Next Audit: in process

Planned number of yearly non-federal audits of recipients for which the mission will be responsible under the Audit Management and Resolution Program: 2

Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$12,200,000
 Amount Obligated: DA Grant: original \$ 1,778,000 last amend. \$11,700,008
 Current FY Oblig: \$ 997,887
 Amount Committed: Grant - Period: \$ (37,503)
 Cumulative: \$ 8,341,740

Accrued Expenditures: Grant:
 Period - Projected: \$ 1,583,000
 Period - Actual: \$ 1,152,225
 Cumulative: \$ 5,507,093
 Period - Next \$ 2,330,000

Counterpart Contribution: Planned: \$16,100,000
 Actual: \$ 6,825,000*

% LOP Elapsed: 76
 % of Total Auth. Oblig. (Grant) 95
 % of Total Oblig. Exp. (Grant) 47
 % of Total Auth. Exp. (Grant) 45

* as per Price Waterhouse audit of 12/31/91

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		% OF LOP
	LOP #	PERIOD #	CUM #	NEXT PERIOD #	PERIOD #	CUM #	
1. Child Survival Intervention and Systems strengthened:							
- Central level	5	1	2	1	1	3	60
- Provincial level	40	8	16	8	8	24	60
2. Epidemiological indicators							
- infant immuniz.coverage*	80%						
- exclusive breastfeeding	15%						
- ORT use rate	20%						
- reduced ARI incidence	20%						
- annual supervision reports by each province	8						
- annual reports 1 by province	40	8	8	0	8	16	40
- increase community partic.	30%						
- reduce IMR to	44						
					37.4**		

*IMR = Only 1991 data are available.

**1992 Immunization coverage rates for the period: BCG 107.5%; measles 62.8% DPT 79%; OPV 78.7%.

	PLANNED				ACCOMPLISHED				% OF LOP			
	LOP		PERIOD		CUM		NEXT PERIOD			PERIOD	CUM	LOP
	M	F	M	F	M	F	M	F				
3. Training short term												
International	19	11	1	1	21	15	0	0	0	21	15	*
In-country	21	26	0	0	60	62	0	0	412	1371	473	1433 *
% OF LOP - International (M)	110	(F)	136									
In-country (M)	2252	(F)	5511									

III. PROJECT DESCRIPTION

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.

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.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

All components of the project are directly related to achievement of the Strategic Objective (SO). Program strengthening will affect effectiveness through improved service quality; institutional strengthening will affect efficiency through improved planning and programming, logistics, monitoring and evaluation, and training; decentralized management will affect utilization through a more flexible and faster response to local needs; health financing initiatives will affect use, efficiency, and sustainability through improvements in health service revenue generation and resource allocation. One hundred percent of project funds directly contribute to the achievement of SO2.

V. PROGRESS TOWARD ACHIEVEMENT OF EOPS AND PROJECT OFFICER'S ASSESSMENT

Many of the activities carried out by this project have contributed towards the achievement of the EOPS. The project has continued to support the strengthening of the cold chain, in order to further improve immunization coverage. As it is, coverage has increased significantly for the four most important immunizations (BCG, DPT, Polio, and Measles). Infant nutrition has been strengthened by the establishment of "Baby-Friendly Hospitals," an initiative which has been carried out jointly between USAID and UNICEF. Infant rooming-in also has been established ministry-wide with a ministerial decree. On the institutional strengthening side, the Ministry of Health (MOH) has accepted the financial analysis software which was created for purposes of the project as the financial package for the entire MOH.

This semester has been a transitional one for the Child Survival and Health (CS&H) project. During this reporting period, important factors such as: (1) a new MOH leadership which advanced new institutional policies; (2) MOH downsizing and restructuring; (3) implementation of the World Bank Loan Project (FASBASE); and (4) the CS&H external evaluation, have prompted the project to reconsider its overall direction and scope. Nonetheless, the health care finance component has experienced successes in that important reports are now available, a strategy paper was prepared, and crucial policy dialogue initiatives were advanced. These activities are important because they have strengthened USAID's leverage position towards policy reform in the sector.

VI. PROGRESS DURING REPORTING PERIOD

1. Strengthening Child Survival Programs

- a) Several health education and social communications activities were carried out during this reporting period, including dissemination of radio broadcasts, video reproductions, health fairs, a popular art contest, recruitment of mother trainers, and preparation of other educational material. Mini-libraries were organized in selected sites.
- b) Supervision, monitoring, and evaluation activities continued in several provinces during this reporting period. A significant evaluation product during this period is the study on production, resource management, performance, and costs carried out in Imbabura hospitals. This study resulted in management decisions made by hospital officials in order to correct efficiency problems.
- c) Several activities to improve delivery of Maternal and Child Health (MCH) services in almost all of the project provinces were carried out during this reporting period. Activities included home visits, catchment of pregnant women, establishment of oral rehydration units, immunizations, and supplemental feeding programs.
- d) Numerous training activities and workshops were conducted both at the central and provincial levels, in all project provinces. Topics had to do with computer applications, research (e.g. KAPs, local rapid assessments), training-of-trainers, training management, organizational development, and maternal-and-child subjects.

2. Administrative and Management Strengthening

- a) PLANAN, the project's main planning tool has been improved, and the local programming plan (PLIS) has also been validated in several locations. The overall planning strategy remains ambiguous, however.
- b) MOH decided to adopt the Sistema Administrativo Financiero (SAF), a financial management system, as the nationwide tool. A few changes will be introduced. This is a significant achievement since it is the first time the MOH will have a unique national system. Likewise, a SAF-inventory control program was presented and is being implemented.
- c) The Coordination Unit and the Administrative-Financial Unit (UAF) carried out an analysis of project cash flow between the central level and provinces. Important findings are that provinces have a surplus of unused resources and expenditures are slowly justified. Field visits have been scheduled to gain greater understanding about these conditions and adopt corrective measures.
- d) Local procurement of computer equipment and software, as well as the international procurement of medical equipment and supplies, and training equipment, are in their final stages. Contracts have been awarded and equipment will be soon available.

3. Health Care Finance Initiatives

- a) The project's resident advisor for health care financing arrived in country early in this reporting period. He is actively involved in a series of relevant issues both within and outside the MOH.

-) The project also supported activities to introduce regionalization, decentralization, and cost-recovery initiatives into selected locations. Azuay, Imbabura, and Esmeraldas experienced prominent advances in these areas.
-) Finally, during this period and as part of the health care financing component, a visit to Bolivia's USAID-sponsored PROSALUD project took place with high-level MOH officials. This visit resulted in greater openness by the MOH to consider private-public partnerships for health service delivery.

VII. GENDER CONSIDERATIONS

The main purpose of this project is to improve implementation and delivery of MCH services in a decentralized fashion. This approach will enhance responsiveness of MOH and other local services to MCH needs. The two most important beneficiaries in this project include women of reproductive age and children. Mothers are the natural allies in resolving child health problems, and thus emphasis is placed on activities targeted at them, such as health education and training. These activities heavily involve participation of female health promoters. In sum, this project enjoys a significant participation of women in all of its components.

VIII. EVALUATIONS AND AUDITS

USAID/CONT office conducted a counterpart funding audit for the period 7/89-12/91. The report made some observations and recommendations to the MOH. A general audit covering the period 7/89-12/92 has been recently completed for RIG/Honduras by Price Waterhouse. A final report is due.

In August 1993, an external evaluation of the project was conducted. Although a final report is yet to be received, since corrections were made in the preliminary draft, the evaluation served to identify some weaknesses in the project's design and implementation. This prompted USAID and the MOH to engage in a redesign of the project currently underway. A Mission Project Evaluation Summary (PES) was completed and sent to USAID/W.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: MOH continues to demonstrate a limited capability to execute the authorized budget.

Corrective Action: The finding that project funds remain unused in provinces and that expenditures are not justified on a timely basis, has resulted in a more strict supervision process. Visits are pending and TA will be closely focused on problem areas.

2. Issue: With the recent proposed reforms in the MOH, traditionally vertical and successful programs, such as the Expanded Program for Immunization (EPI), will be fully integrated. However, there is concern that the integration will take place before the program is sustainable.

Corrective Actions: Project activities will provide support on a transitional basis in order to improve the chances that successful programs such as the EPI will not suffer from the institutional reform process.

3. Issue: The project has a PACD of 12/94. Given that the Health Care Finance project was eliminated but given the recent events in policy reform (see SO Overview), a number of activities which were contemplated in the Health Care Finance project should be carried out.

Corrective Actions: HFPD has begun working on a strategic plan to address this issue. It is proposed that a redesigned Child Survival Project include those activities deemed critical to the success of health care finance initiatives. A draft informational memo to the Mission is under preparation and will be distributed soon. Once the strategy is accepted by the Mission, discussions will be initiated with designated MOH counterparts.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SIX MONTHS

1. Prepare the amendment to the Project Paper, taking into account events in policy reform, health care finance initiatives, and the external evaluation recommendations.
2. Preparation and approval of transitional CY94 workplan, with focus on local health areas.
3. Receipt and distribution of computer and medical equipment and supplies to project provinces
4. Complete the PES for the external evaluation and send to USAID/W.
5. Implementation of MIS, SAF, and inventory control systems in selected locations and at the central level, supported by relevant training.
6. Continue implementation of the local initiative groups under USAID/W's Private Initiatives for Primary Care Project.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

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 Last amend 05/26/93
 PACD: original 12/31/93
 Implementing Agencies: Instituto Ecuatoriano de Obras Sanitarias
 Major Contractors: WASH, Romero Asociados
 AID Project Officer: Patricio Murgueytio
 Status of CPs/Covenants: All CPs have been meet

Date of Last Evaluation: 3/93 Next evaluation: N/A
 Date of Last Audit: 7/93 Next Audit: N/A

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 2

Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,000,000 last amend \$4,000,000
 Amount Obligated: DA Grant: original \$ 853,800 last amend \$3,232,831
 Current FY Oblig: DA Grant: \$ 400,000
 Amount Committed: Grant - Period: \$ 313,845
 Cumulative: \$2,769,158

Accrued Expenditures: Grant:
 Period - Projected: \$ 361,000
 Period - Actual: \$ 409,026
 Cumulative: \$2,288,312
 Period - Next \$ 500,000

Counterpart Contribution:
 Planned: \$15,761,000
 Actual: \$11,242,000 (IEOS estimate)

% LOP Elapsed: 94
 % of Total Auth. Oblig. (Grant) 80
 % of Total Oblig. Exp. (Grant) 70
 % of Total Auth. Exp. (Grant) 57

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED *			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
1. Prov. Oper. Module establis.	16	8	16	0	0	8	50	
2. RW/S Syst. Const. (people served 000s)	640	80	480	80	44	166	26	
3. Hygiene Education (cycles of mass media)	320	36	192	40	27	121	38	
4. Operat. & Maint. (RSW/S inventory completed)	7	1	6	1	1	4	57	
5. Provincial O&M program initiated	8	0	8	0	0	8	100	
5. Local Training								
a) IEOS personnel	2288	470	1960	328	654	2134	93	
b) RW/S Board committees members	5768	960	3789	1979	1661	36019	100	

7. Training (persons) short-term

60 12 36 10 0 7 - 12

* Project activities started in October 1990.

III. PROJECT DESCRIPTION

The purpose of this project is to strengthen the Ecuadorian Institute of Sanitary Work's (IEOS) capability to assist rural communities in eight provinces: (1) to install cost effective, technologically appropriate safe water supply systems and latrines; (2) to use the water and latrines to improve family health status; and (3) to 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 provision of potable water and basic sanitation is a critical service to achieve improved health status conditions, particularly in rural areas. This project's construction component has a direct effect on the availability of RW&S services. Technical assistance (TA) provided through the operations and maintenance, hygiene education, training, and appropriate technology components has an effect on the use, efficiency, effectiveness, and sustainability of services. One hundred percent of project funds directly support the achievement of SO2.

V. PROGRESS TOWARD ACHIEVEMENT OF EOPS AND PROJECT OFFICER'S ASSESSMENT

This project has continued to experience success during the reporting period. Almost all activities have been accomplished as planned. A 75% completion rate of the CY93 workplan is expected by December 1993 for all components except construction projects. Project teams, at both managerial and operational levels, have worked in a coordinated fashion in pursuit of the project's objectives. International and local technical assistance continue to be instrumental in sustained achievements. Indeed, some project activities are clearly on the road towards institutionalization and have begun to be implemented nationwide, particularly through other projects such as the World Bank's (WB) FASBASE project. Based on these considerations, a request for a no-cost extension has been considered by USAID's Project Committee and a favorable recommendation has been sent to the Mission Director for final approval.

VI. PROGRESS DURING REPORTING PERIOD

1. Management Level

- 1.1 The project's 1993 annual work plan was approved in April 1993. To date, the plan has an estimated 65% completion rate, which, by end of CY93 will be of 75%. This clearly indicates a continued commitment and support to the project's progress by IEOS. Counterpart funds allocated to the project in CY93 were estimated at \$2.25 million and \$4.5 million to other construction projects in the eight WASHED provinces.
- 1.2 The second phase of the Management Development Program to improve IEOS management capabilities was carried out by WASH TA in June 1993. The fifth WASH TA to the Appropriate Technology component was completed in May-June. The sixth WASH TA to the sanitary education, O&M, and appropriate technology components was completed in August-September. At the end of August, also with support from WASH, the project's monitoring workshop took place. Finally, during the period, nine team building workshops were completed. All of these activities were well attended by responsible staff and met specific goals established.
- 1.3 International procurement of 13 water quality monitoring machines was finalized and distributed to project provinces. Likewise, local procurement of pipes and supplies was finalized and distributed to provinces. Both of these purchases will strengthen adequate implementation of the O&M component.

1.4 A water and sanitation sector assessment was completed with support by Panamerican Health Organization (PAHO), the Interamerican Development Bank (IDB), WB, and USAID/W. Although a final report is due soon, preliminary conclusions indicate new directions for the sector, with close inter-agency coordination. USAID is actively involved in the process.

1.5 As to project extension, USAID's Project Committee accepted a IEOS request to extend WASHED until December 1995. The extension request takes into account the recommendations made by the external evaluation. An action memorandum to the Mission Director for final approval is in preparation. The purpose of the extension is to consolidate and institutionalize project activities, as well as to carry out policy dialogue activities.

2. Component Level

1. Operation and Maintenance (O&M) component:

- a) Based on the user tariff study carried out by WASHED, a Manual for Tariff Application was prepared by IEOS for application in rural areas. After a validation process, the manual is being disseminated and used nationwide.
- b) Warehouses in Imbabura and Tungurahua are being finished. Those in Pichincha and El Oro require counterpart funds for completion.

2. Appropriate Technology component:

- a) The study for Technical RW&S Normative Designs, an important project activity, was finished during this period. The IEOS Norm Review Committee approved the study and, after an editing process, will disseminate it nationwide.
- b) The evaluation study of the Pilot Plan for Water Quality Control was approved, based on results from Cotopaxi, Azuay, Carchi, and Chimborazo.
- c) The TA Unit has been relocated within the National Directorate for Rural Sanitation. This will strengthen the component's activities.

3. Hygiene Education Component:

- a) Another cycle of 7 educational radio broadcasts in 30 provincial radio stations was carried out.
- b) The socio-cultural participative study was completed. Results are being analyzed at IEOS and will be published shortly.
- c) The KAP survey was carried out successfully with participation by 50 program promoters in 121 communities of all project provinces. A final report is available.
- d) Hygiene Education (HE) supervisors and promoters received training in supervision

and monitoring skills, in KAP survey applications, and in data processing in socio-cultural research.

- e) Several training events for rural school teachers and child education specialists were held during this period.
- f) TA was also provided to the PROANDES-UNICEF-IEOS project to train 30 new female promoters; the HE component provided TA to a UNICEF for production of a W&S video.

4. Training Component:

- a) A training evaluation pilot plan began during this period. This activity is carried out by the training team.
- b) A training needs assessment study was completed in all project provinces. A consulting firm was hired for this purpose.
- c) During this period, this component organized 37 events, with 915 participants. Events were organized to support project activities.

5. Construction Component:

- a) RW&S systems completed to date with project counterpart funds serve approximately 8,200 people.
- b) System construction begun this period represents an investment of approximately \$1.2 million, serving about 23,500 people.

VII. GENDER CONSIDERATIONS

Female HE promoters continue to play a crucial role in the delivery of relevant messages to target audiences, namely school teachers, mothers, and children. These promoters are now permanent IEOS staff. They are well accepted by other IEOS staff, and their work is respected by peers, a difficult accomplishment in a male-dominated institution. The hiring of a female local advisor for the HE component adds to the positive trend established by the project towards a greater role of women. Community based trainees continue to be women, as are water board managers.

A USAID-funded study looking at the impact of water on women's status found that in addition to improvements in health status, the availability of water also improves the income of women inasmuch as the availability of water allows women to spend more of their time on income generating activities (as opposed to water collection) and also allows women to utilize the water for income generating activities (such as providing better feed to farm animals). The study also found that in communities where women control financial resources, the health impact of water is greater than in communities where financial resources are controlled by men.

VIII. EVALUATIONS AND AUDITS

An external evaluation was carried out in March 1993. The main conclusion was that the project was well-implemented and well-supported by local and international TA, in spite of significant delays in several activities across components. The evaluation recommended the need to continue and consolidate activities, particularly in O&M, HE, and training. It also recommended that the project emphasize decentralization. Most of the recommendations have been incorporated by IEOS in their proposal for a no-cost extension. The PES was completed and sent to USAID/W.

Final results of an audit covering the period 9/89-6/92 were received in July 1993. The audit made several observations to the IEOS internal control structure. These observations, however, are not serious and IEOS has taken corrective measures. A final audit is due upon the completion of the project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

- 1. Issue: IEOS has presented a proposal for a no-cost extension. This extension would allow IEOS to complete all project activities which were delayed due to start up delays, and delays in implementation due to changes in staffing and strikes.

Corrective Action: At a Mission Project Committee meeting, it was decided to accept, in concept, the IEOS request for an extension. GDO/HFPD is preparing the necessary documentation for an extension, which takes into account recent policy changes in the sector. The redesign process is being carefully coordinated with RHUDDO. GDO/HFPD proposes that the extension be two years.

- 2. Issue: Several delays affected project implementation during this period. Delays were related to IEOS, e.g. cumbersome procurement procedures, technical personnel strikes, inadequate working environment, and delayed financial reporting.

Corrective Action: Although some of these factors have to do with the necessary observation of official rules and regulations, others are related to institutional characteristics (namely at IEOS) which are difficult to overcome. One of the GOE's key objectives is to modernize the public sector. At IEOS, staff was reduced, a major restructuring is in process, and sector policies are being discussed. WASHED has made some important inroads into turning IEOS into a more efficient organization, but the process is long and laborious. In addition, a Water and Sanitation (W&S) policy vacuum has been determined to exist. USAID needs to continue supporting a policy dialogue process which will result in feasible policy guidelines and decentralization.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SIX MONTHS

- 1. Finish the necessary documentation for a no-cost extension, including a policy dialogue component, and CY94 Workplan, and present it to Mission Management for final approval.

6. Approve extension of local and international technical assistance contracts.
5. Finish construction of 4 provincial warehouses. Devise operations manuals and supervise local supply procurement.
4. Secure adequate implementation of O&M component in target provinces.
3. Disseminate the Technical RW&S Normative Designs and the evaluation of the water quality pilot plan.
2. Prepare and distribute final reports of the KAP study and the socio-cultural survey.
1. Continue HE activities planned for the period, including publication of selected educational materials.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

I. BACKGROUND DATA

Project Title: Health and Family Planning
 Project Number: 518-0084
 Date of Authorization: original 08-14-91 last amendment 00-00-00
 Date of Obligation: original 08-27-91 last amendment 09-07-93
 ACD: 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)
 Archbishopric of Cuenca
 Vicariate of Esmeraldas
 Major Contractors: SOMARC, JHU/PSC, INOPAL and FHI
 AID Project Officer: S. Ken Yamashita
 Status of CPs/Covenants: (See section VI)

Date of Last Evaluation: 00-00-00 Next evaluation: 12-15-94
 Date of Last Audit: 10-15-93 Next Audit: 06-30-94

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 2
 Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA	A X B C			TOTAL	P.A.	NPA
Amount Authorized:	OA Grant: original			\$10,500,000	8,000,000	2,500,000
Amount Obligated:	OA Grant: original			\$ 7,498,000	5,998,513	1,500,000
Current FY Oblig:	OA Grant:			\$ 2,500,000	2,500,000	0
Amount Committed:	Grant - Period:			\$ 0	0	0
	Cumulative:			\$ 4,842,513	4,342,513	500,000
Accrued Expenditures:	Grant:					
	Period - Projected:			\$ 4,800,000	800,000	1,000,000
	Period - Actual:			\$ 572,214	572,214	0
	Cumulative:			\$ 3,603,937	2,603,937	500,000
	Period - Next			\$ 3,000,000	2,000,000	1,000,000
Counterpart Contribution:	Planned:			\$11,770,870	9,270,870	2,500,000
	Actual:			\$ 5,053,064	4,553,064	500,000
% LOP Elapsed:				34	34	34
% of Total Auth. Oblig. (Grant)				71	75	60
% of Total Oblig. Exp. (Grant)				48	43	33
% of Total Auth. Exp. (Grant)				34	33	20

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
1. CPR increase from 53% to 58%	5%	0.42	2.03	0.32	0.84	2.55	51	
2. Contraceptive Modern Methods Mix from 40% to 50%	10%	0.84	3.40	0.62	2.22	5.00	44	
3. PVO new users under age of 25. (Baseline 30%)	20%	1.55	6.05	1.00	5.00	20.00	100	

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
Sustainability								
1. Trust fund for APROFE and CEMOPLAF	US\$1,000	100	500	100	100	400	40	
2. **PVO's cost-recovery increase from 30 to 65%	35%	3	11	3	12	20	29	
	M F	M F	M F	M F	M F	M F	M F	
3. Training (persons) Overseas - Short term	7	7 2 3	4 5	2 2	3 2	4 3 57	43	

Policy Reform

OUTPUT:

1. A national population policy implementation plan, including the recreation of the National Population Council by year two.

STATUS:

National Population Council created. CONADE will finalize implementation plan after Population World Conference in mid 1994.

OUTPUT:

2. IESS purchasing with own budget 100% of contraceptives by PACD starting in an increase manner in year four.

STATUS:

The Project is in its second year.

OUTPUT:

3. Ministry of Finance (MOF) supporting additional budgetary requests from Ministry of Health (MOH) for maternal health and family planning activities by year two.

STATUS:

MOH has officially requested the MOF for additional funding. Awaiting MOF's response.

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) improved communications in order to expand service delivery to specific target sub-groups which have exhibited high levels of unmet demand or are at high health risk.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

All components of the project are directly related to achievement of the SO. 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.

This project is the continuation of the highly successful and continuous support that USAID has provided to the population sector over the past 20 years. With USAID being

the single largest donor in this sector, its projects have had a major impact in reducing the rate of population growth, increasing the access and use of family planning, and improving the population policy environment. Over the past twenty years, the rate of population growth has declined from over 3.0% to approximately 2.3% today; total fertility rate has declined from over 6 children per woman to approximately 3.5 children today; the contraceptive prevalence rate has increased from 35% to 55%.

Moreover, during the past twenty years, the policy environment has improved from one of outright hostility towards population activities to one of open acceptance. The improvement in the policy environment is highlighted by the inclusion of population and family planning language in the 1979 Ecuadorian Constitution, and passage of a National Population Policy in 1987. A USAID grantee, CEPAR, was directly involved in the drafting of the National Policy. CEPAR was recognized for its contribution towards population activities with the award of the United Nations Population Award in 1991.

During the same twenty years, the main NGOs providing family planning services, APROFE and CEMOPLAF, have matured from organizations with a few clinics each to national institutions covering virtually all geographic zones with forty clinics. The two organizations have expanded coverage of family planning significantly. The two organizations currently account for the largest percentage of family planning users of modern, temporary methods. The organizations have also matured institutionally, having reached a level of self-sufficiency which approximates 50% of all costs.

V. PROGRESS TOWARD ACHIEVEMENT OF EOPS AND PROJECT OFFICER'S ASSESSMENT

Project Assistance (PA) Component: APROFE and CEMOPLAF continue to accomplish all planned actions in a timely manner. Both organizations have reached a level of cost recovery above 50%. In the case of CEMOPLAF, USAID provides only 35% of recurrent operating costs. Both organizations have been increasing their funds for the endowment. CEMOPLAF has been purchasing buildings in which to house its clinics. APROFE has plans to do so as well. The agreements with MOH and IESS are going well. APROFE has received additional donations from other sources as has CEMOPLAF. APROFE has entered into agreements with large shrimp farms to provide services; CEMOPLAF has entered into an agreement with PROEXANT to do the same with flower growers in the Sierra.

Non-project Assistance (NPA) Component: The long awaited second meeting of the National Population Commission took place, thereby opening the way for the second disbursement. At that meeting, Commission members approved the basic draft of the National Population Policy Plan of Action, which was prepared with USAID technical assistance and which will be presented at the 1994 International Population Conference. The Commission also approved the formation of the Reproductive Health Sub-Commission, which will oversee the implementation of the National Policy's Reproductive Health agenda (including family planning).

ESF Component: Both CEPAR and the Church have accomplished in a satisfactory manner their planned operational activities.

VI. PROGRESS DURING REPORTING PERIOD

1. Both APROFE and CEMOPLAF attended PACT's second seminar. The two organizations continue to make progress in improving the role of the Board of Directors.
2. The technical assistance (TA) for establishment of an endowment plan for APROFE and CEMOPLAF was delayed due to delays by USAID/W in the buy-in process. The TA was initiated in September 1993, and will continue until the endowments are fully established and are satisfactory to the Mission.
3. The Ecuadorian debt swap program continues to be on hold. For purposes of this project, the debt swap program will no longer play a role.
4. The amendment to the PA component was discussed in detail within the Mission, and accepted in principle. The pertinent documents are circulating the Mission for clearance and approval.
5. The Management Information System (MIS) for CEMOPLAF is being implemented with excellent technical support from the USAID O/CONT. The training of CEMOPLAF personnel has progressed as planned. The procurement of hardware and software has been delayed due to the delay in approval of the amendment to the project paper (PP).

NPA Component

1. Except for a formal presentation and documentation by MOF, the conditions precedent for the second disbursement have been met. Mission will disburse \$1,000,000.00 once all the necessary documentation has been received from MOF, and Mission approval is given.
2. TA to CONAODE in preparation of the 1994 International Conference on Population has been initiated.

ESF Component

1. CEPAR attended PACT's second seminar, and is following up on recommendations.
2. Involvement in CEPAR's investment plan continues as a USAID member is on the project implementation committee.

Technical Assistance

1. All PIO/Ts for TA were completed in time except for one for the PROFIT project, which was to provide assistance in establishment of endowments. This buy-in did not get processed by USAID/W in time, despite the fact that Mission sent the documents well in advance of the closing date. GFR/POP agreed to fund the assistance activity through core funds.
2. The decision was made to terminate funding of FUTURA as a separate entity. The Mission will continue to support social marketing activities through APROFE and CEMOPLAF.

3. The I.E.C. committee had changes in the TA team, but activities are being carried out as planned.

4. Preparatory activities for the 1994 DHS survey have begun with a visit by a consultant from CDC. CEPAR will carry out the survey in early CY94.

VII. GENDER CONSIDERATIONS

Family Planning programs in general are directed towards women of reproductive age. However, under the current project, increasing use of contraceptives by males has also been emphasized. At the organizational level, the two NGO's have a preponderance of female workers in their family planning clinics.

VIII. EVALUATIONS AND AUDITS

The SO2 monitoring and evaluation plan is now complete. A mid-term evaluation is scheduled for the last quarter of FY94. A DHS survey is planned for the second quarter of FY94.

IX. ISSUES, PROBLEMS, DELAYS, AND PROPOSED CORRECTIVE ACTIONS.

1. Issue: APROFE and CEMOPLAF have not been able to move ahead as expected in their institutional strengthening activities because procurement of laboratory equipment has not taken place.

Corrective Action: As soon as the amendment to the PP is approved, Mission will move as quickly as possible to procure the necessary equipment.

2. Issue: Based on the external audit of FUTURA, the decision has been made to terminate funding to that organization, thereby putting in jeopardy the successes obtained in contraceptive social marketing.

Corrective Action: APROFE and CEMOPLAF have indicated that they would be interested in continuing with Futura's program. The centrally funded SOMARC project will provide assistance in establishing a workplan for the two organizations for next year. The workplan will include the process of transferring all commodities and office equipment from Futura.

3. Issue: CEPAR has requested that all ESF funds that remain at the end of the project be transferred to CEPAR for their use.

Corrective Action: The Mission has determined that CEPAR should establish an endowment with all the necessary checks and balances, and the remaining ESF funds be placed in such an endowment.

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X. MAJOR ACTIONS PLANNED FOR THE NEXT SIX MONTHS.

PA Component

1. Initiate procurement of laboratory equipment once PP amendment is signed.
2. Initiate DHS survey once PP amendment is signed.
3. Finalize endowment plans, including proposals from the two organizations on how endowment will be created and what will be the mechanisms for assuring checks and balances.
4. Review and complete CY94 workplans.

N.P.A. Component

1. Disburse the second tranche once the documentation is received.
2. Continue providing CONADE with TA in the preparation of their Population Policy Action Plan.
3. Give greater emphasis on project implementation, committee meetings.

ESF Component

1. Initiate process with CEPAR for establishment of an endowment based on ESF funds.

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SEMI ANNUAL REVIEW

April 1, 1993 - September 30, 1993

Project Name: Private Pharmaceutical Distribution - ASOPROFAR.

Project Number: 518-0093

Financial Data:

Amount Authorized: DA Grant:	Original	\$151,000
	Amend.	\$232,313

Amount obligated: DA Grant:	Original	\$151,000
	Amend.	\$232,313

Amount Committed: Grant - Period:	\$ -0-
Cumulative:	\$232,313

Accrued Expenditures: Grant:	
Period - Projected:	\$ 45,500
Period - Actual:	\$ 35,637
Cumulative:	\$192,349
Period - Next:	\$ 49,000

Counterpart Contribution:	Planned:	\$1,359,794
	Actual:	\$ 323,990*

* according to PROMESA's last report

% LOP Elapsed:	92%
% of Total Auth. Oblig. (Grant)	100%
% of Total Oblig. Exp. (Grant)	83%
% of Total Auth. Exp. (Grant)	83%

PROJECT PURPOSE

To provide low-cost, high-quality brand name drugs to undeserved 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

During the reporting period PROMESA has established 57 additional dispensaries. The total number of boutiques at the end of September, 1993, is 168 in 16 provinces. In order to increase coverage, twenty new NGOs were visited during the reporting period, resulting in 13 new agreements.

An evaluation of price discounts among 26 laboratories which

support PROMESA indicated that all comply with the 42% discount required. Eighty percent of laboratories allows a 30-day grace period for payment of purchases, and the remaining 15% allow between 45-60 days. All goods are delivered at the NGO-designated sites. Training activities in information systems, e.g. word processing and spread sheets, continued during the reporting period although at a slower pace.

In terms of increasing coverage by boutiques directly sponsored by the pharmaceutical industry, 8 new facilities began to operate by September/93. Likewise, donation of industry assets began in September/93.

Supervision, monitoring, and evaluation activities continued during the reporting period. Several forms were designed for collection and analysis of facility-generated data, including data from PROMESA, NGOs, and the laboratories. These data feed into a decision-making process which allows for improved communications, applications of norms, and record-keeping.

During this period 51 botiquines were evaluated for financial sustainability. Three percent of these will not achieve financial self-sufficiency, whereas 97% require about 6 months to reach that objective.

Heavy emphasis was placed on educational and dissemination activities during the reporting period. Educational activities took place in all areas where this component has been applied. The methodological guide was reviewed in selected sites across the nation; promotion workshops were held in several locations based on focus groups and surveys; information was analyzed in order to establish priority problems. Research results were used to define contents of artistic activities and messages. A methodology to evaluate messages was developed.

Several opportunities were pursued to exchange experiences with other art groups. A methodological guide for NGOs which plan to use the "education through art" strategy has been developed and disseminated. Project achievements are being disseminated through a bimonthly newsletter, health fairs, and festivals. In addition, an inventory of NGO-based educational materials has been prepared and is available in published form. This catalog lists data from 196 NGOs, including 172 educational sources.

The issue of the missing checks from the USAID account has been solved as the industry reimbursed the lost funds. However, a final official report from police authorities is pending.

Finally, a final audit is due upon completion of the project by the new PACD of 12/31/93. A formal evaluation is also in process with funding from the Child Survival and Health Project. This evaluation is necessary given the need to document in a systematic fashion the achievements, limitations, and lessons learned from this project. The project is due to close at the end of this CY93.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Cholera Response in Affected Rural Areas
 Project Number: 518-0108 Grant 518-004-G-001109-00
 Date of Authorization: original 08-30-91
 Date of Obligation: original 08-30-91
 PACD: original 08-30-92 amended to 12-31-93
 Implementing Agencies: CARE
 Major Contractors: XXXXXXXXXXXXXXXXXXXX
 AID Project Officer: Patricio Murgueytio
 Status of CPs/Covenants:

 Date of Last Evaluation: 09-92 Next evaluation: 12-31-93
 Date of Last Audit: 08-92 Next Audit: 12-31-93
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: N/A
 Number of such audits contracted for/completed during the reporting period: N/A

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 619,854 last amend \$1,419,854
 Amount Obligated: DA Grant: original \$ 619,854 last amend \$1,419,854
 Current FY Oblig.: Grant: \$ 493,113
 Amount Committed: Grant - Period: \$ -0-
 Cumulative: \$1,419,854

 Accrued Expenditures: Grant:
 Period - Projected: \$ 156,887
 Period - Actual: \$ 501,087
 Cumulative: \$1,270,941
 Period - Next: \$ 493,000

 Counterpart Contribution:
 Planned: \$ 586,084 last amend \$1,247,089
 Actual: \$1,231,297 (CARE estimate)
 % LOP Elapsed: 89
 % of Total Auth. Oblig. (Grant) 100

 % of Total Oblig. Exp. (Grant) 90

 % of Total Auth. Exp. (Grant) 90

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			
	NEXT		NEXT		NEXT		NEXT	
	LOP #	PERIOD #	CUM #	PERIOD #	PERIOD #	CUM #	LOP %	% OF
1. Number of latrines built	28,500	6,000	28,500	0	8,349	27,849	98.0	
2. Number of programs broadcasted	330			0	2,660	5,629	1700	
3. Number of families trained	28,500	6,000	28,500	0	8,349	27,849	98.0	
4. Number of CORUS established	400	40	257	0	155	571	143	
	M F	M F	M F	M F	M F	M F	M F	
2. Training (persons) Long term	0 0	0 0	0 0	0 0	0 0	0 0	0 0	% %

Short term 0 0 0 0 0 0 0 0 0 0 0 0 % %

III. PROJECT DESCRIPTION

The goal of the project is to diminish cholera morbidity and mortality by 80% in 430 rural communities in five provinces. Since cholera incidence is 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 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 food to 80%; (5) the correct use of latrines and excreta disposal to 28,500 families; and 6) establish 430 community oral rehydration units (CORUs).

The project was originally implemented in Los Rios, Imbabura, and Chimborazo provinces. An expansion of the project was approved to include Loja, Azuay, Carchi, and Esmeraldas. The project consists of three components: (1) latrine construction; (2) hygiene education; and (3) mass media campaign.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES (OR OTHER JUSTIFICATION)

Although cholera has passed the epidemic stage in Ecuador and has entered the endemic stage, the provinces and communities where project activities are contemplated still have a high incidence of cholera outbreaks. This project addresses the long term use, effectiveness, and sustainability of health services in as much as prevention of diarrheal disease and improved hygiene habits will reduce the burden on the health care system to provide curative services.

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

All major actions planned for this reporting period have been satisfactorily achieved. The number of target families benefiting from the project increased to 27,849 in 139 communities of 6 project provinces. Based on field observations, the project enjoys great acceptability in the areas of implementation. Communities have been mobilized to participate and gain ownership of project activities.

VI. PROGRESS DURING REPORTING PERIOD

1. A new health program manager was recruited by CARE.
2. Several agreements were signed with communities in Los Rios, Cotopaxi, Carchi, and Esmeraldas. The latter two provinces were recently added to the project as result of an amendment to the USAID-CARE CA.
3. The Ministry of Health (MOH) counterpart contribution of \$26,000 was received during this period. This allowed to increase coverage in the above mentioned provinces.
4. Water systems were built in Los Rios, Imbabura, and Carchi.
5. Periodic coordination and planning activities with counterparts and public/private organizations continued during the reporting period.
6. The construction of latrines continued successfully during this period. A total of 8349 new latrines were built in 139 communities.
7. In addition, 155 community oral rehydration sites were established.
8. A series of community health education and social communications activities were carried out during this period, resulting in 2580 radio messages broadcasted and 5253 families trained. In Imbabura and Los Rios, 507 health education sessions were delivered.

VII. GENDER CONSIDERATIONS

Women are the major actors for the execution and implementation of hygiene education

activities and appropriate use of oral rehydration treatment. They are the main beneficiaries of hygiene promotion.

VIII. EVALUATIONS AND AUDITS

A final evaluation will take place at the end of the project. A draft scope of work has been prepared. CARE periodically carries out internal audits. The next internal audit is scheduled for November under the responsibility of USAID/W.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: Project activities in Imbabura were affected by the communities' lack of interest in becoming fully involved. Communities are used to a hand-down approach and thus choose not to commit themselves when participation is necessary. In addition, Imbabura suffered from counterpart personnel shortages and logistical problems due to absence of vehicles.

Corrective Action: Promote better coordination with other donor agencies in order to stimulate community participation.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Final evaluation and audit.
2. Prepare PACR.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

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 08-7-92
 Date of Obligation: original 09-10-87 last amendment 08-31-92
 PACO: original 08-31-90 amended to 12-31-95
 Implementing Agencies: BEV through the Housing Refinancing Unit (HRU). After completion of CPs USAID has authorized (PIL NO. 16) the transfer of the FFH to the HRU.
 Major Contractors: WASH/WOCCU/CHF/Carrión-Garcia
 AID Project Officer: Renán Larrea
 Status of CPs/Covenants:
 Date of Last Evaluation: 01-31-92 Next evaluation: 02-28-94
 Date of Last Audit: 00-00-00 Next Audit: 01-94
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: -0- Number of such audits contracted for/completed during the reporting period: -0-

FINANCIAL DATA

A ___ B X C ___

Amount Authorized: DA Grant: original \$ 1,000,000 last amend \$ 2,100,000
 HG: original \$ 20,000,000 last amend \$35,000,000
 Amount Obligated: DA Grant: original \$ 226,000 last amend \$ 1,937,870
 HG: original \$ 10,000,000
 Current FY Oblig.: Grant: \$ 438,000
 HG: \$ -0-
 Amount Committed: Grant - Period: \$ 196,193
 Cumulative: \$ 1,547,557
 HG - Period: \$ -0-
 Cumulative: \$ 10,000,000
 Expenditures: Grant:
 Period - Projected: \$ -0-
 Period - Actual: \$ 50,511
 Accrued Expend.: \$ 50,000
 Cumulative: \$ 1,204,277
 Period - Next: \$ 223,290
 Loan:
 Period - Projected: N/A
 Period - Actual: \$ 9,000
 Cumulative: \$ 3,822,177
 Period - Next: \$ 500,000
 Counterpart
 Contribution: Planned: \$ 10,000,000
 Actual: \$ 3,742,131.16
 % LOP Elapsed: 73%
 % of Total Auth. Oblig. (Grant) 92%
 (Loan) 29%
 % of Total Oblig. Exp. (Grant) 62%
 (Loan) 38%
 % of Total Auth. Exp. (Grant) 57%
 (Loan) 11%

II. MAJOR OUTPUTS:

	PLANNED		ACCOMPLISHED		% OF LOP
	PERIOD	CUM	NEXT PERIOD	PERIOD	
1. New Construction	13,780				2,414 17.5%
2. Home Improvements	10,000				598 6.0%
3. Urban Upgrading	42,152			10,249	54,249 128.6%
2. Training (persons)					
Long term					M F M F M F
Short term				1 1	291 217 N/A

III. PROJECT DESCRIPTION

Through this program, low-income families in urban areas gain increased access to upgraded and new water connections, sanitation, and shelter financed by public and private sector institutions.

The program's main objectives are: (1) to assist the GOE in the implementation of economic reforms that promote capital mobilization for housing and related infrastructure; (2) to increase the role of the private sector in the financing and

construction of housing and infrastructure; and (3) to assist the GOE in its transformation from a direct provider to a facilitator of shelter solutions.

The policy agenda focuses on: (1) reforming GOE financial policies; (2) expanding private sector participation in the provision of low-cost shelter; and (3) improving the management and expanding the provision of urban services.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

The project seeks to improve the health of low-income families in urban areas by improving their access to new and upgraded shelter and related infrastructure. Access to services such as clean affordable water and sanitation, and adequate shelter is directly related to the quality and sustainability of human health. Moreover, improvements in these services increases the effectiveness of other health interventions.

In the USAID/Ecuador 1994-95 Action Plan, the National Shelter Delivery System Project was incorporated into S02 due to a significant level of GOE interest in urban health issues.

This project also supplements the Mission's Policy Dialogue Support Project through institutional and programmatic reforms in housing finance, shelter, and related infrastructure delivery, and through the privatization of municipal services.

In addition to those components of the project that support S02 and the Policy Dialogue project, the National Shelter Delivery System Project is a Mission Target of Opportunity.

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

Financial, institutional, and infrastructure advances have addressed key constraints in the shelter and urban services sector.

RHUDD efforts achieved the creation of the Constant Value Unit (UVC) making long term lending feasible in an inflationary economy. Enacted through a law of Congress, the UVC is indispensable for attracting private sector participation in low-income shelter. The UVC is indexed to inflation, thereby allowing affordable long term loans at real interest rates with full capital recovery which is essential for housing loans. It will also encourage savings by protecting savers from the loss of value produced by high inflation rates.

The GOE has taken important steps to mobilize private sector capital resources for housing. GOE discussions with private sector entities have focussed on the joint funding of a private secondary mortgage bank that will discount mortgages and issue mortgage backed securities.

Technical Assistance (TA) provided to the Ecuadorian Housing Bank (BEV) has also

achieved important financial results in the program's implementing agency. Instead of using high interest rate subsidies in its lending operations, the BEV now lends at real interest rates.

Through RHUDD efforts, the BEV and National Housing Board (JNV) downsized by 2,600 persons in order to increase their effectiveness while significantly reducing expenditures. The BEV has agreed to a further reduction of 400 persons to permit more efficient operations. The staff reductions at the JNV will assist this institution in its transition from a direct provider of housing to a national shelter planning board.

Furthermore, RHUDD assistance is helping the newly created Ministry of Housing and Urban Development assume its leadership role in the provision of low-income housing and in the development of national housing policies.

RHUDD assistance is continuing to expand the provision of urban services to low-income families. Over the last four years, Quito's Water Company extended 54,000 new water connections to poor families in marginal neighborhoods. This was possible due to TA that established new financial and management systems enabling full cost recovery. Prior to this assistance, the Water Authority received 40% of its funding from central government transfers. Work with Quito's Sewer Company has had similar results. For the first time, the Sewer Company has begun to charge for its services as part of the water bill. To more efficiently coordinate water and sewer services, the Municipality of Quito has approved joining the two companies.

VI. PROGRESS DURING REPORTING PERIOD

During this period, TA and policy dialogue have led to dramatic results in the program's three areas: shelter, infrastructure, and credit unions.

Shelter Component

RHUDD/SA has continued to assist the GOE to create a self-sustaining housing finance system, to encourage private sector involvement, and to strengthen the Ministry of Housing and Urban Development's policy-making and planning capabilities.

Progress during the reporting period included the following:

1. Congress approved the Capital Markets Law.
2. The Monetary Board authorized the use of the "Constant Value Unit" (UVC), and will regulate its value for both lending and savings operations.
3. The Vice-President of Ecuador and the Minister of Housing and Urban Development have publicly committed to support the creation of a privately managed Housing Refinancing Corporation (CRH). This entity will be capitalized by private and public funds.

4. The BEV's Housing Refinancing Unit (HRU) has made commitments to initiate second story lending operations by discounting US\$250,000 in eligible mortgages from private sector financial intermediaries.
5. RHUDO provided TA to the Ministry of Housing and Urban Development to help define its institutional roles and responsibilities, and to strengthen its policy-making and planning capabilities. The Minister has committed to implement USAID recommendations for structuring this ministry.
6. The JNV and the BEV have continued downsizing their institutions in order to increase their effectiveness while significantly reducing expenditures. The JNV and the BEV have reduced their staff by 2,600 employees under an institutional and administrative reform plan.

Both the World Bank (WB) and the Interamerican Development Bank (IDB) have accepted RHUDO policy dialogue objectives, agreeing to support RHUDO's agenda for policy reform in the shelter sector. Both institutions have informed the GOE that future shelter sector loans will be subject to the implementation of the reforms recommended under the National Shelter Delivery System Project.

Infrastructure Component

1. An evaluation of the TA provided to Quito's Water Company (EMAP-Q) demonstrated that RHUDO's assistance was the key factor for EMAP-Q's dramatic improvement in performance. EMAP-Q has continued to implement institutional reforms that strengthen management decision-making capability, improve service provision to marginal neighborhoods, and allow for complete cost recovery in their operations. During this reporting period, the Water Company has installed an additional 10,249 new household water connections in Quito's marginal neighborhoods.
2. During the reporting period, TA resulted in the institutional strengthening of the Ecuadorian National Association of Municipal Water Authorities (ANEMAPA). ANEMAPA, in turn, will provide TA to other water and sewer companies to replicate EMAP-Q's successes.
3. RHUDO has continued to work with municipal governments to promote the private provision of water and sanitation services particularly in Cuenca, Azogues and Machala. The Mayor of Machala has decided to privatize solid waste collection and disposal services for the city and the necessary legislation has been approved by Machala's municipal council. In support of these efforts, RHUDO/SA is providing assistance so that the Municipality may better manage the private service provision of solid waste management.
4. RHUDO developed a plan for the creation of a water and sewer company in Machala that would improve both the extension and quality of service. This company would function apart from the municipality and its private sector management will use cost recovery mechanisms.

Credit Union Activities

1. Through the modification of the credit union program's TA, RHUDO refocused its assistance to better respond to the weaknesses of participating credit unions.
2. During the last nine months, the TA has shown marked results in the eight participating credit unions, including: (1) an expansion of credit union membership by 7,739 new participants; (2) an increase of 6.5 billion sucres in the combined value of the credit unions's loan portfolios; (3) a 14% growth in assets calculated in real terms; and (4) a 29% increase in the combined value of savings accounts, equivalent to \$2.75 million.
3. The new CHF country representative arrived to implement the Regional Low-Cost Shelter Program in Ecuador. This joint USAID/Peace Corps program which works with credit unions and housing cooperatives will begin by issuing home-improvement loans through FEEOAC and credit unions using HG-007 resources. The lending program will begin operating in the second quarter of FY-94.

VII. GENDER CONSIDERATIONS

Shelter financing and titling are available on equal terms to both women and men in Ecuador. Ecuadorian law insures that gender does not preclude access to credit and gives the same rights to unmarried heads-of-households as to those who are married. 1

Various non-project activities carried out during the reporting period support this program and have had a positive effects on gender consideration issues. Under its Women and Local Development Program, RHUDO held three seminar/workshops between May 1993 and September 1993. The activities were: (a) "Argentina: Participation of Women in the Local Development Processes" in June; (b) Seminar-Workshop on "Evaluation and New Perspectives of Gender Research in Latin American Local Governments" in July; and (c) "Women in Local Democratic Context: The Role of Municipalities" in September.

A total of 10 Ecuadorian women attended these seminars under the financing of RHUDO/SA's Regional WID program.

VIII. EVALUATIONS AND AUDITS

The Superintendency of Banks conducted a financial audit of the Financial Fund for Housing (FFH) for calendar year 1992.

The Superintendency of Banks, the Central Bank of Ecuador (BCE) and RHUDO have agreed to conduct an audit of the FFH for the 1993 period after the BEV's HRU has consolidated its accounts and implemented subsidiary agreements with the participating intermediate financial entities (IFE's). RHUDO estimates that these two prerequisites will have been met by the end of the first quarter of FY-94.

Future FFH audits will be scheduled in agreement with the Program Implementing Agency.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

Shelter component

1. Issue: RHUDO and the Minister of Housing and Urban Development are concerned about the level of private sector participation in the capitalization of the CHR.

Corrective Action: RHUDO and the Mission need to act decisively to support GOE counterparts in their efforts to redirect the BEV's refinancing activities through a housing mortgage refinancing bank with public and private sector funding. RHUDO has worked with the Ministry to prepare a business plan to attract private sector funds to this housing refinancing corporation. This plan's objective is to make the CRH operational by the second quarter of FY'94. Activities under this plan include presentations by the GOE of its proposal for attracting private sector investors to capitalize the CHR. On October 7 and 14, 1993, the GOE will present this plan to commercial banks, S&Ls, credit unions and construction chambers in Quito and Guayaquil. RHUDO and the GOE have agreed to hire a respected high-level private sector representative with experience in macroeconomic and financial policy to establish the CRH and initiate its refinancing operations.

2. Issue: FFH funds should be mobilized before the end of CY 1993.

Corrective Action: RHUDO has provided TA to the BEV's HRU to prepare the first discounting of eligible mortgages generated by two private sector financing entities. The BEV's board of directors has authorized the HRU to discount US\$250,000 of eligible expenditures from the FFH. The BEV and RHUDO have agreed that any discounting operation performed before the creation of the CRH will be accepted by and transferred to this corporation along with the program's other assets.

3. Issue: Interest rates have fallen significantly. The original \$10 million HG loan was borrowed by the GOE in 1989 at an interest rate of 9.7% without a prepayment option. The GOE has been reluctant to use these funds until they are refinanced under more favorable conditions that provide more attractive spreads to private sector investors in Ecuador.

Corrective Action: RHUDO and the GOE are in agreement that the loan should be prepaid and refinanced under more favorable conditions. Upon RHUDO's request, PRE/H has contacted the note holders to find out conditions regarding loan prepayment.

Infrastructure Activities:

1. Issue: Ecuadorian law requires all public accounting systems to be approved by Controlaria. EMAP-Q's new system, which has been approved by the GOE's Controlaria only for EMAP-Q's use, cannot currently be used by other municipal water and sewer entities. These entities must rely on systems that do not allow for the use of modern accounting principles.

Corrective Action: RHUDO will promote the use of modern accounting and management information systems through the association of water and sewer companies (ANEMAPA), working in conjunction with the Controlaria.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

Shelter Component

RHUDO plans to continue TA to the Ministry of Housing and Urban Development and its HRU. The goal of this TA effort is to enable the Ministry to design and implement housing policy, to create the CRH, to help the Ministry effectively manage the shelter sector, and to assist the HRU initiate second story refinancing operations.

Objectives for the next semester include: (1) initiate refinancing operations through private sector financial intermediaries; (2) create the CRH; (3) establish and structure the CRH with private sector funds; (4) obtain Congressional approval for the Private Sector Entities Law; (5) continue TA support to the Ministry of Housing and Urban Development, enabling this institution to develop a strong policy-making and planning capability; and (6) continue to leverage sectoral reforms through policy dialogue.

Infrastructure Component

Planned activities under the infrastructure component include:

1. Continue assisting the city of Machala in the improvement of the collection and disposal of solid waste, and in the provision water and sewerage services.
2. Facilitate a sister city exchange to improve Quito's solid waste collection and disposal services.
3. Participate in the design of the Mission's strategic policy on water and sanitation.
4. Coordinate with NGOs in infrastructure service improvement.

Credit Union Component

1. Work with FECOAC to conduct seminars with credit unions on how to use the manual produced on housing lending procedures.
2. Conduct a strategic planning seminar with FECOAC and its member Credit Unions.
3. Continue legal assistance to revise credit union legislation.
4. Contract a local organization to implement a business plan for FECOAC.
5. Conduct a lessons-learned seminar.

5. Close out the program by December 31, 1993.

7. Initiate home-improvement lending program with credit unions and FEEOAC.

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SEMIANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE NO. 3
"IMPROVED RESPONSIVENESS OF SELECTED DEMOCRATIC INSTITUTIONS WITH GREATER CITIZEN PARTICIPATION"
Second Semester, FY 1993

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

The Mission's Democratic Initiatives portfolio consists of the Ecuador Development Scholarship Program (EDSP) (518-0091); the Regional Technical Aid Centers (RTAC) II Project (518-0095); the Justice Reform Support Project (JRSP) (518-0105); and, the Administration of Justice Project (AOJ)(518-0115).

Progress towards achievement of the SO continues to be good. Under EDSP, 123 participants have been sent to the United States for both short and long term technical and leadership training (all project participants must be identified by community or other sponsoring organization as leaders) and "Experience America" activities. All project participants report a high level of satisfaction with their experiences and training programs. The participants also report that they are successfully applying their training in their communities and organizations.

The results of the first evaluation of the RTAC project indicate that the project has increased the percentage of professors using textbooks from 14% at the beginning of the project to 36% as of this rating period. The same evaluation also indicates that the project is engendering a change in teaching style - from didactic to a more participatory, student-oriented style, as well as serving as the basis for restructured study plans.

During the reporting period the Mission authorized the JRSP which consists of two activities: (1) a grant to the Government of Ecuador (GOE) for the establishment and implementation of a high level Justice Sector Working Group (JSWG); and (2) a Cooperative Agreement (CA) with the Corporación Latinoamericana para el Desarrollo (CLD), a local NGO active in the area of judicial reform. All project activities focus on the creation of an Ecuadorian strategy for continued and sustainable justice sector reform. Progress under the AOJ Project was somewhat disappointing; however, the final draft of the revised Penal Code was completed and the Study of the Informal Justice System (the first of its kind in Ecuador) is progressing satisfactorily. A no cost extension will be necessary to assure the delivery of all products to be produced under the project.

2. Significant Sector Developments and Issues Relating to SO3

The creation of the high level JSWG is the most significant sector development during the reporting's period. All GOE justice sector institutions (the Supreme Court, the Attorney General Office, the Prosecutor General's Office, the Ministry of Government and the Office of Public Administration) are represented in the JSWG. Never before have the justice sector institutions met to develop a sectoral approach to judicial reform. Previous to the creation of the JSWG, each institution, although aware of the interrelated nature of the judicial system, considered its problems in isolation. The JSWG is dedicated to the formulation of a comprehensive program to further deepen reforms and to prepare a specific sectoral action plan to improve Ecuadorian administration of justice.

Significant progress has also been made by the Mission supported Quito and Guayaquil Working Groups in the development and promotion of legislation to implement the December 1992, constitutional reforms. The Cassation Law under which Supreme Court review is limited to legal issues has been passed and is being implemented by the Supreme Court. Previous to the passage of the law, the Supreme Court was required to review the factual evidence in all referred cases and as all cases were eventually referred to the Supreme Court, this created an unmanageable case load which greatly

added to judicial delays. In addition to the Cassation Law, the National Judicial Council Law and the Organic Law of the Judicial Function have also been drafted by the Working Groups. The National Judicial Council Law establishes rules for the administration of the judicial function. It has been presented to Congress for its review. The Organic Law of the Judicial Function which establishes the working basis for the judicial system will be presented to Congress during the next rating period. Seminars and public awareness activities also continue to be held in conjunction with the review of draft laws in order to maintain a public spotlight on the need for and importance of judicial reform.

Major improvements have also been made in judicial administration. A team of professionals at the Supreme Court has presented a plan to restructure the administrative apparatus of the Supreme Court which has been unchanged for the last thirty years. The plan will make the system more coherent and efficient. The restructuring is largely based on recommendations made in an administration of justice concept paper produced in March 1993.

RTAC, recognizing that poor teacher training was an impediment to increased book sales and resulting curriculum changes, sponsored a series of lectures discussing the advantages of using textbooks in the classroom and how to do so. This "in-service training" has proved very popular with university professors and will continue for the life of project.

3. Monitoring of Strategic Objective Indicators

The SO tree, SO level indicators, and program output indicators which were submitted in the FY 94-95 Action Plan for this SO were reviewed by the SO team during the SAR period with an eye towards the refinement and finalization upon authorization of the JRSP in late summer. These indicators are still under review, pending the outcome of decisions relating to the new project.

4. Recent Developments in Policy Dialogue Related to SO3

In promoting the creation of the JSWG, the Mission continued to build on its successful policy dialogue agenda with the GOE. The JSWG represents a giant step forward in Ecuadorian judicial reform. It provides a non-threatening forum in which differences, misunderstandings and mutual problems can be discussed in a free and supportive atmosphere. The existence of the JSWG and its products will serve to unify the judicial function and allow it to present coherent and well thought out requests for financial support and assistance to both the GOE and the donor community.

The passage of the Cassation Law is also indicative of the successful nature of the SO3 policy dialogue agenda. One on one discussions with key Congressional members served to garner support for passage of the law. A similar approach will be used for the National Judicial Council Law and the Organic Law of the Judicial Function.

The emphasis on citizen participation in SO3 has not been overlooked in the policy dialogue agenda. The JSWG also boasts, at the suggestion of the Mission, two private citizen members. By incorporating representatives of the private sector in high level policy and planning discussion, the JSWG expands the universe of support for continued judicial reform.

4. Review of Issues and Actions from the last SAR

1. AOJ: The Mission had originally planned to authorize a project larger in both scope and financing than the JRSP. However, based on a recognition of the fragmented nature of the justice sector, i.e. that the key institutions did not view themselves or act as a unified sector, and budgetary constraints, the Mission decided to authorize the smaller, more focused Phase I JRSP. The Ecuadorian strategy for continued and sustainable justice sector reform to be produced by the JSWG will form the basis for a Phase II activity.

2. RTAC: Due to budget restrictions, the planned semiannual evaluations have been reduced to one per year. An evaluation was conducted in June 1993, with positive results.

3. EDSP: A draft version of the EDSP Monitoring and Evaluation (M&E) plan was completed.

5. Major Actions for the Next Six Months

1. Implement the JRSP grant. This includes the designation of technical representatives to the JSWG, the designation of an executive secretariat (a local NGO), and the presentation and approval of a workplan.
2. Contract a series of studies under the GOE grant. The scopes of work for these studies will be developed with the assistance of the JSWG. Among the studies will be the gathering of baseline data on case backlog, case processing time and numbers of pre-trial detainees.
3. Presentation and approval of CLD's workplan for the implementation of the CA.
4. Participation on the negotiations surrounding proposal and budget for the operation of the new RTAC II Mexico office.
5. Mission approval of the EDSP M&E plan with the development of a scope of work for the procurement of evaluation services.

PROJECT STATUS REPORT
October 1, 1992 - March 31, 1993

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 amend to 09-30-94*
 Implementing Agencies: Development Associates & World Learning Inc. (WLI),
 formerly called the Experiment in International
 Living (EIL)
 Major Contractors: same as above
 AID Project Officer: Jennifer Stimson
 Status of CPs/Covenants: N/A
 Date of Last Evaluation: 10-24-91 Next evaluation: 07-94
 Date of Last Audit: 04-93(WLI) Next Audit: N/A
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 1
 Number of such audits contracted for/completed during the reporting period: 0

*PACD for regional project. APSP/Ecuador ended 09-30-93.

FINANCIAL DATA

Amount Authorized: DA Grant: original \$6,313,000 Last amend \$6,879,000
 Amount Obligated: DA Grant: original \$ 75,000 Last amend \$6,519,517
 Amount Committed: Grant - Period: \$ 00
 Cumulative: \$6,519,517
 Current FY Oblig.: Grant: \$ - 0 -
 Accrued Expenditures: Grant:
 Period - Projected: \$ 59,585
 Period - Actual: \$ 76,322
 Cumulative: \$6,172,165
 Period - Next: \$ 14,396*
 Counterpart
 Contribution: Planned: \$ 00
 Actual: \$ 00
 % LOP Elapsed: 100.00
 % of Total Auth. Oblig. (Grant) 94.77 -
 % of Total Oblig. Exp. (Grant) 94.67
 % of Total Auth. Exp. (Grant) 89.72

* Next period projections correspond to commitments incurred in FY93 before the end of the APSP contracts.

II. MAJOR OUTPUTS:

	<u>PLANNED</u>				<u>ACCOMPLISHED</u>			
			<u>NEXT</u>				<u>% OF</u>	
	<u>LOP</u>	<u>PERIOD</u>	<u>CUM</u>	<u>PERIOD</u>	<u>CUM</u>	<u>LOP</u>	<u>CUM</u>	<u>LOP</u>
I. 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>
Long term	52	38	0	0	52	38	100	100
Short term	181	139	0	0	176	147	97	106

III. PROJECT DESCRIPTION

The Andean Peace Scholarship Program was a regional subcomponent of the Caribbean and Latin American Scholarship Program (CLASP), the objectives of which were 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 U.S. The program strategy provided for short and long-term U.S.-based training for current and potential leaders. At least 70% of the participants were required to be disadvantaged and 40% women.

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

1. Specific Linkage to Strategic Objective (SO): N/A
2. Percent of LOP Funds Relating to SO: N/A

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

The purpose of the Andean Peace Scholarship Program (APSP) is to promote democratic

values, strengthen U.S.-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 short-term (1 to 9 months, average 5 weeks) and 90 long-term (12 to 30 months). All training took place in the U.S. or Puerto Rico, and included an "Experience America" cultural component. Follow-up activities were conducted in order to increase the effectiveness of the training.

All participants to be trained under the project departed by the end of FY91. A total of 413 Ecuadorians received APSP training, including 90 long-term participants and 323 short-term participants (three more than planned). 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 was established with seven regional alumni associations, 14 technical and academic associations, and a National Coordinating Committee with representatives from the various associations.

The November 1991 process evaluation of the project resulted in the conclusion that APSP achieved its purpose. The last two years of follow-on activities have been well-received by the returned participants.

VI. PROGRESS DURING REPORTING PERIOD

1. Workshops were held for the following groups: Returned Public Health Master's Participants, FY88 Women Community Leaders, FY90 Afro-Ecuadorian Community Leaders and FY90 Urban Community Leaders, FY89 and FY91 Young Political Leaders, FY91 "Women in Agriculture" participants, and Long-term Academic Participants from all fields. The National Coordinating Committee met twice. A post-program evaluation of 13 FY91 participants in a post-graduate training program in agricultural economics was conducted by Iowa State.
2. An independent financial compliance audit was conducted in April.
3. The remaining two long-term participants still in training returned upon completion of their master's degrees and were debriefed.
4. The World Learning International (WLI) contract for APSP ended on September 30.
5. The regional contract with the U.S. Contractor, Development Associates, ended on July 30.
6. The USAID project manager met with representatives of LAC/DR/EHR, WLI, and Development Associates, among others, during a week-long TDY in August. The local project director for WLI's APSP contract travelled to Washington, D.C. for meetings with the U.S.-based contract staff.

VII. GENDER CONSIDERATIONS

APSP/Ecuador exceeded the Congressional mandate for 40% participation by women with a total of 44% women over the life of 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 (61% of the total number of long-term participants) were still in training at the time of the evaluation, an additional evaluation of these trainees' programs may be conducted in July 1994, through a buy-in to the CLASP evaluation contract, at the same time as the mid-term EDSP evaluation is conducted. The APSP evaluation will be financed using the deobligation-reobligation of APSP funds from the Development Associates contract. It is therefore subject to the reobligation occurring before April 1994, when the evaluation scope of work will be prepared. An independent financial compliance audit of the WLI contract was conducted in April 1993.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: At the end of the period, OIT had not yet filed our APSP participants' federal tax returns for 1992. In addition, the states are beginning to present claims for unpaid state taxes from 1989 and 1990. OIT never required participants to file state returns, so most didn't. As a result, they are now subject to fines and penalties.

Corrective Action: It is now expected that federal taxes will be paid by December 1993. Based on the assumption that it may take until 1995 or 1996 to hear from the states about 1992 taxes, Development Associates will reserve a generous amount in order to proceed with the planned deobligation of surplus funds. The deobligation will probably be carried out in two stages, the first amount prior to tax payment and the second amount afterwards. It may also be necessary for USAID/W to extend the Development Associates contract if the tax issue cannot be resolved within the 12 month close-out period.

2. Issue: A discrepancy was detected between Development Associates and the Mission's expenditure records, amounting to approximately \$5,000.

Corrective Action: The Mission will work with Development Associates and Financial Management to determine the cause of the discrepancy.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Follow-on: A General Assembly of all returned APSP and EDSP participants will be held in November to elect the new directorship of the CLASP Alumni Association. Two participant newsletters, one technical workbook, and an updated participant directory will be published.

2. Surplus funds in the Development Associates will be deobligated during the second quarter of FY94.
3. Steps will be taken to determine the cause of a discrepancy of approximately \$5,000 between Development Associates' and the Mission's expenditure records.
4. Development Associates will pay federal taxes for liable participants for 1992.

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PROJECT STATUS REPORT
April 1 - September 30, 1993

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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: World Learning, Inc. (formerly the Experiment in International Living (EIL))
 AID Project Officer: Jennifer Stimson
 Status of CPs/Covenants: N/A
 Date of Last Evaluation: N/A Next evaluation: 07-94
 Date of Last Audit: Next Audit: 01-94 (WLI)
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 1
 Number of such audits contracted for/completed during the reporting period: 0

FINANCIAL DATA

Amount Authorized: DA Grant: original \$6,600,000 last amend \$0,000,000
 Amount Obligated: DA Grant: original \$ 702,283 last amend \$3,695,934
 Current FY Oblig: Grant: \$1,003,669
 Amount Committed: Grant - Period: \$1,003,669
 Cumulative: \$3,695,934
 Accrued Expenditures: Grant:
 Period - Projected: \$ 535,326
 Period - Actual: \$ 867,962
 Cumulative: \$1,732,052
 Period - Next: \$ 474,536
 Counterpart Contribution: Planned: \$ N/A
 Actual: \$ N/A
 % LOP Elapsed: 40
 % of Total Auth. Oblig. (Grant) 56
 % of Total Oblig. Exp. (Grant) 47
 % of Total Auth. Exp. (Grant) 26

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED				% OF LOP					
	PERIOD		CUM		PERIOD		CUM							
	M	F	M	F	M	F	M	F						
Training (persons)														
Long-term	30	19	8	6	18	6	14	11	8	6	18	6	60	32
Short-term	117	79	32	22	51	51	29	19	17	34	37	59	32	75

III. PROJECT DESCRIPTION

The Ecuador Development Scholarship Program (EDSP) is part of the Caribbean and Latin American Scholarship Program (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 must be disadvantaged and 40% women.

IV. RELATIONSHIP OF PROJECT TO MISSION STRATEGIC OBJECTIVE

The EDSP contributes to S03 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.

One program performance indicator has been established for EDSP: the percentage of CLASP II trainees applying new skills. Leaders and potential leaders, equipped with new skills and knowledge, will be measured by four indicators: (1) number of people trained in the U.S.; (2) number of people exposed to democratic values and activities in the U.S.; (3) percent of CLASP II trainees learning new skills; and (4) percent of CLASP trainees showing more effectiveness in community, professional or institutional activities. Data on the program performance indicator and the third and fourth program output indicators will be collected through questionnaires and case studies (by World Learning International, WLI) and special surveys, focus groups and case studies (by the evaluation contractor). Statistics on the first program output indicator will be derived from the CLASP Information System (CIS) data base. Data on the second program output indicator will be gathered through the project reporting system maintained by WLI. One hundred percent of LOP funds relate to S03.

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

The purpose of the EDSP 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 U.S. 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.

To date, 99 short-term participants and 24 long-term participants have received or are receiving training. All of the master's degree participants contemplated under the program have been selected. The project has exceeded the target of 70% disadvantaged participants with 84% disadvantaged participants to date. Progress has been very good.

VI. PROGRESS DURING REPORTING PERIOD

1. Short-term training: Training programs were conducted for 20 auxiliary nurses, 16 natural resources administrators, and 15 Amazon community leaders, for which the participants were prepared by two predeparture orientation programs per group. One auxiliary nurse disappeared and was reported to OIT, and subsequently by OIT to the

INS, as a non-returnee. A focus group was held for the Amazon community leaders group as part of program design and a debriefing program was conducted for the auxiliary nurses.

2. Long-term training: Fourteen long-term master's participants departed for the U.S. and began U.S.-based English language training (ELT) following completion of in-country ELT and receipt of predeparture orientation. Twelve of these participants were placed in master's programs and began their academic training during the fall semester. One participant will continue her ELT program in the fall and begin her academic studies in January 1994. One participant returned to Ecuador having failed to reach the minimum TOEFL score required for admission into graduate school. The total number of long-term master's participants was reduced from 39 to 38 because it was decided not to replace this participant. Ten agricultural high school teachers in a long-term technical program returned in September.

3. Long-term recruitment: Eighteen participants were selected to reach the LOP target of 39 master's participants. In addition, the master's participants who were conditionally selected last year for FY94 were tested for English proficiency and seven obtained the required scores to remain in the program. Two master's participants withdrew and were replaced with alternate candidates.

4. Follow-on: Two technical association workshops were held for the short-term FY92 women in agriculture group.

5. The USAID project manager met with representatives of LAC/DR/EHR, WLI, and Aguirre International, among others, during a week-long TDY in August. The local project director for the contract travelled to Washington D.C. for meetings with the U.S.-based contract staff and to Iowa State University to conduct a re-entry orientation program for ten agricultural high school teachers.

6. A draft Monitoring and Evaluation (M&E) plan was developed and discussed with WLI and Aguirre International during the project manager's TDY to Washington, D.C.

7. \$606,651 in incremental funding for the ELI contract were obligated in September.

8. Improvements were made in the in-country ELT program which will better prepare the FY94 master's participants to obtain admission to graduate school.

9. In response to USAID requests for review and improvement of the current HBCU placement tracking system, OIT decided to recommend that all participants be counted for a full twelve month period. If this recommendation is approved by the HBCU Committee, it will capture all of our short-term HBCU placements and approximately half of our long-term placements. For master's participants in HBCU placements, it will not count their second year.

VII. GENDER CONSIDERATIONS

By Congressional mandate, at least 40% of EDSP participants must be women. 56% of EDSP participants in the first two years of the project were women. Of the 39

master's participants selected for training in FY93 and FY94, 44% are female.

VIII. EVALUATIONS AND AUDITS

Mid-term and final evaluations have been budgeted for in the WLI contract. They are currently planned for July 1994 and late 1996. In addition to these formal evaluations, WLI is responsible for monitoring and debriefing participants, and conducting in-depth interviews and case studies with selected participants and their institutions. A-133 audits will be conducted annually by an independent U.S. affiliated public auditing firm with experience in government GAO standards for audit.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: The paperwork for the EDSP Project Paper amendment was prepared but the amendment was not completed because it was impossible to convene the EDSP Advisory Committee in August and September. It was fortuitous that the amendment was not completed as planned because the SOs were changed in September, and one of the main reasons for the amendment is to relate the project to the SOs. In the course of preparing amendment documentation, an error in the PACD was detected, which will be corrected with the amendment. It was determined unnecessary to modify the requirements for institutional commitment since the implementation contract, not the Project Paper (PP), contains the references to be changed.

Corrective Action: The Project Paper will be amended early in FY94.

2. Issue: Recent increases in participant costs (of U.S. education/training, maintenance allowances, and HAC insurance coverage in particular) will result in a shortfall in the project LOP budget of slightly over \$400,000.

Corrective Action: Approximately \$130,000 of the evaluation and audit line item may be available to cover part of this shortfall, since the Mission has determined that it is unnecessary to perform additional audits beyond WLI's annual audits and compliance with A-133 requirements. Approximately \$300,000 may be recovered from Development Associates through the deobligation-reobligation of surplus APSP funds currently planned for the second quarter of FY94. WLI is preparing an amendment proposal to reflect necessary adjustments.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Short-term training: At least one target group for FY94 short-term training will be identified by December 1993. The two remaining target groups will be identified by April 1994. Training designs for the three programs will be developed in conjunction with the counterpart institution(s) between January and May 1994. Focus groups will be conducted with "sample" participants as part of program design.
2. Long-term training: Twenty-five long-term master's participants will receive intensive in-country ELT and ongoing predeparture orientation in preparation for

their departure for the U.S. in May 1994. The ten agricultural high school teachers in an FY93 long-term technical program will be debriefed in October 1993.

3. The EDSP PP will be amended to change the PACD, the definitions of disadvantaged and elite, and references to priority training fields, to be focused in support of the Mission's SOs.
4. Follow-on: Technical association workshops will be held for the following groups from FY92: Agricultural High School Teachers (long-term technical program), Supervisors of Health Promoters, Leaders of Non-traditional Agricultural Producer Associations, and Auxiliary Nurses. A General Assembly of APSP and EDSP participants will be held in November 1993, to which all EDSP participants will be invited. One case study will be conducted by WLI and one issue of the participant newsletter will be published.
5. The EDSP M&E Plan will be presented for Mission approval by February 1994, and the Scope of Work developed for procurement of evaluation services by April 1994.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

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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
 PACO: original 09-24-96 amended to N/A
 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: July, 1993 Next evaluation: 07-94
 Date of Last Audit: July, 1992
 Financial review: March, 1993 Next audit: 01-94
 Planned # of yearly audits: one # of such audits completed
 during reporting period:
 N/A

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,055,100 last amend \$1,514,000
 Amount Obligated: DA Grant: \$1,072,730
 Current FY Oblig: Grant: \$ 534,265
 Loan: \$0,000,000
 Amount Committed: Grant - Period: \$ 73,688
 Cumulative: \$1,072,730

 Accrued Expenditures: Grant:
 Period - Projected: \$ 212,060
 Period - Actual: \$ 403,913
 Cumulative: \$ 916,786
 Period - Next: \$ 171,900

 Counterpart
 Contribution: Planned: \$ 20,322
 Period: \$ 45,677* (S/1390=\$1)
 Cumulative: \$ 77,994 (S/1390=\$1)

 % LOP Elapsed: 41
 % of Total Auth. Oblig. (Grant) 71
 % of Total Oblig. Exp. (Grant) 85
 % of Total Auth. Exp. (Grant) 61

* Starting with this reporting period, CODEU is covering its operation with its own funds.

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT	PERIOD	CUM		
				PERIOD				
1. Books provided	300,000	20,000	105,000	20,000	25,443	146,643	49	
2. Books sold	250,000	20,000	90,000	20,000	15,980	51,035	20	
3. Reflow account					147,240	527,575		

III. PROJECT DESCRIPTION

The Regional Technical Aid Center II (RTAC-II) project was created to contribute to educational development in Central and South 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 consists of a 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 3,800 titles in 23 major technical and

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scientific fields. Publishers from the countries that participate in the project activities will provide textbooks to RTAC.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

The implementation of RTAC II in Ecuador strengthens the university and educational systems in a variety of ways which reinforce democratic concepts.

Professors and students have access to a wide range of books in their disciplines and books can be purchased at reasonable prices. This contributes to a rise in the academic level thus enabling them to have up-to-date information available since books are changed periodically as new editions appear.

Democratic values are transmitted through books. Under RTAC II, 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.

Through this program we strengthen private enterprise by developing a market based on volume and free competition.

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

The main purpose of the project is to cover an 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.

Progress toward purpose achievement is steady. The project is becoming better known among university students and professors, high schools, and the general public, due to continuous promotion efforts, participation in book fairs, and exhibiting textbooks in university and private bookstores. Professors are more conscious of the need to use a textbook for classroom teaching. By the end of June 1993, and according to the results of the first project evaluation, the percentage of professors using textbooks had increased from 14% at the beginning of the project to 36%. Also, the RTAC catalog is serving as the basis for restructuring study plans in several universities. The long-prevailing belief that students could not afford to buy a textbook is starting to lose its force. However, sales still lag behind number of books ordered.

During this semester, the distribution network has been strengthened. Total sales for this period amount to \$/411,049,427 (approximately \$270,790) of which 72% was channeled through the distribution network.

US\$147,240 were deposited in the reflow account during this period. The total amount

deposited in this account since December 1991 is \$527,575, of which more than half has been used for new purchases of textbooks.

VI. PROGRESS DURING REPORTING PERIOD

1. Promotion and first adoption of textbooks for primary and secondary schools in pilot school in Quito. CODEU conducted a market survey and invested in a trip to Mexico: a) to meet with the directors of the main publishing companies participating in RTAC in order to explore the possibilities of attending to the needs of primary and secondary schools; and b) to request samples to create a Bibliographic Orientation Center (similar to the one operating for universities) for professors of primary and secondary schools. Customs clearance of samples was also paid by CODEU. The results of this trip were mixed. Not all publishers sent samples and none of them has sent promoters to work in these specific areas. However, CODEU is pursuing this matter and will continue with negotiations during the next semester.

2. Negotiations with Interamerican Development Bank (IDB) and Ministry of Education to discuss CODEU's participation in a \$7 million project to provide school textbooks continue but the decision-making process of these institutions is very slow. A decision is expected by the end of 1994. Upon recommendation of Mission management, CODEU will invite the IDB Director in Ecuador to visit the project to try to speed negotiations. Also, CODEU has suggested to the IDB the titles from the RTAC catalog that can be purchased for the library program, which has an investment of \$1 million. A decision is expected by the end of March 1994.

3. The fifth adoption period (2nd semester of 1993) took place from April 15 to May 20. Fourteen publishing companies sent their promoters; 15 universities were visited; and 587 professors adopted 515 titles. As a result 23,278 books amounting to \$264,886 paid for with grant funds, arrived in country in mid-August. Additionally, an extra order was placed for 2,165 books amounting to \$21,147 paid for with reflow funds.

4. As part of the academic support program to strengthen RTAC, and with the cooperation of USIS' Visiting Professors program, Dr. Saul Sosnowski of the University of Maryland gave 13 conferences were given on methodology for the use of textbooks and self-evaluation for professors. These conferences were very well received by the universities and a return visit has been requested for the summer of 1994. As a result of this activity and the interest demonstrated by professors, CODEU is editing a leaflet with Dr. Sosnowski's conference and the form for professors' self-evaluation, which will be distributed to the universities by the end of December 1994.

5. Also under the academic support component, CODEU contracted for the development of a data bank to provide updated information on the contents of RTAC textbooks to professors. This program is being tested and it is expected to become fully operational by November 1993.

6. The National Coordinator and CODEU's Manager attended the VIIIth RTAC II Regional Seminar where, for the first time, directors of the publishing companies, representatives from USAID/W and the regional contractor, all managers of distribution centers, and all USAID Coordinators got together to discuss project implementation. In view of the cut that USAID/W has made to the contractor's budget, the project office in Mexico will have to undergo major changes and additional surcharges will have to be placed on textbooks to finance its operation. RTAC Mexico will present a proposal on how it plans to manage the program as of September 1994.

VII. GENDER CONSIDERATIONS

The RTAC II project serves both genders equally because both men and women have equal access to the purchase of textbooks.

VIII. EVALUATIONS AND AUDITS

In July 1993, the "Contraloría General de la Nación" performed an audit of the S/100 million of ESF funds given to CODEU for the purchase of textbooks. CODEU was commended for the correct management of these funds.

USAID/W will no longer provide funds for audits to the regional contract; therefore each participating country is now responsible for allocating funds. In the case of Ecuador, these funds will have to come out of the remaining funds to be provided during FY94.

VALIMMER performed the first evaluation of market penetration of RTAC textbooks. The most relevant findings are: (1) an increase in the use of textbooks in the classroom from 14% of professors to 36%; and (2) a change in the style of teaching towards a more participatory, democratic and dialogue-generating classroom style.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: Substantial increase in the cost of textbooks have occurred mainly due to:
a) surcharges resulting from USAID budget cuts which the project has been forced to apply over the cost of each book in order to finance operation of the RTAC Mexico office, annual seminars, committee of distribution center managers, etc.;
b) price increases by publishers especially for new editions; and c) inadequate level of discounts granted to project purchases in spite of big volume and immediate payment.

Corrective action: Since this is a problem affecting all participating countries, USAID/W should be requested to assist in the negotiating better discounts and/or special treatment for RTAC based on volume and prompt payment.

2. Issue: Certain publishing houses are supplying RTAC catalog books to their promoters at the same or lesser prices than those offered to RTAC. These books are then sold in bookstores in direct competition with the RTAC-provided texts. The sale of these promoter provided books reduces the sale of RTAC provided texts which

diminishes the reflow account, ties up project funds in a slow moving inventory and creates confusion among clients.

Corrective action: The RTAC Mexico office should bring this problem to the attention of the publishing houses and obtain commitment on the part of the publishers to respect distribution agreements. Furthermore, RTAC Mexico should to keep permanent promoters in the country who will work together with the distribution center not only in the adoption process, but in its follow-up to generate sales and obtain a higher rotation of inventories.

3. Issue: There is a lack of a rational procedure for adoptions, which up to this date has meant that the amounts of books to be bought were determined by the promoters of the publishers and not by the distribution center.

Corrective action: This is also a regional problem which should get USAID/W attention in order to support the RTAC Mexico office in their negotiations to revise adoption policies with Group "A" publishers that will enable the distribution centers, instead of the promoters, to decide the amounts of books to be bought in order to maintain healthy inventories.

4. Issue: Adoption dates established by the RTAC Mexico office are not the most adequate for the academic calendar of our universities and this generates several problems: the adoptions are not necessarily effectively translated to sales, and high inventories or lack of highly demanded books are encountered. Unfortunately, due to all the procedures involved in bringing books to the country, these adoption dates must be respected in order to have the books available by the beginning of classes.

Corrective action: An "emergency warehouse" with the more popular titles of the catalog (approximately 100), in consignment, in adequate amounts to be determined by the distribution center, should be created in order to avoid lack of books and loss of sales between one adoption period and the next. RTAC Mexico assistance will be necessary in order to negotiate agreements with publishing houses for this activity.

5. Issue: Strengthening the academic support component to offer permanent seminars and conferences on methodology, teaching techniques and evaluation, with emphasis on the advantage of using textbooks to apply a more dynamic, participatory and democratic style of teaching is necessary to increase the demand for RTAC textbooks.

Corrective action: Both the Mission and CODEU will explore the possibility of creating a "center for teaching excellence", through contacts with the University of Maryland and the University of Delaware.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Sixth adoption period (1st semester 1994) from October 11 to November 20, 1993. Arrival of books in country by the end of March 1994.

2. Training in the operation of a center for teaching excellence.
3. Participation in the negotiations involving the proposal and budget for the operation of the new RTAC II Mexico office and follow-up meetings regarding solutions proposed to issues presented on the VIIth Annual Seminar.
4. Preparation of a draft proposal for the IDB to request support for the expansion of the RTAC project to secondary textbooks, especially for public schools.
5. Visit to FEPADE, El Salvador, to learn how they have implemented the expansion of RTAC to primary/secondary textbooks.

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PROJECT STATUS REPORT
October 1, 1992 - March 31, 1993

A N/A B N/A C N/A

I. BACKGROUND DATA

Project Title: Justice Reform Support Project (JRSP)
 Project Number: 518-0105
 Date of Authorization: original 09-23-93 last amendment N/A
 Date of Obligation: original 09-24-93 last amendment N/A
 PACD: original 09-22-95 amended to N/A
 Implementing Agencies: GOE, Corporación Latinoamericana para el Desarrollo
 Major Contractors: N/A
 AID Project Officer: Christof Baer
 Status of CPs/Covenants: N/A
 Date of Last Evaluation: N/A
 Date of Last Audit: N/A
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,000,000
 Amount Obligated: DA Grant: original \$ 500,000
 Current FY Oblig.: Grant: \$ 500,000
 Amount Committed: Grant - Period: \$ 200,000
 Cumulative: \$ 200,000
 Accrued Expenditures: Grant:
 Period - Projected: \$ 0
 Period - Actual: \$ 0
 Cumulative: \$ 0
 Period - Next: \$ 320,000
 Counterpart
 Contribution: Planned: \$ 306,857
 Actual: \$ 0
 % LOP Elapsed: 00
 % of Total Auth. Oblig. (Grant) 50
 % of Total Oblig. Exp. (Grant) 00
 % of Total Auth. Exp. (Grant) 00

II. MAJOR OUTPUTS

The major outputs of this project are to be determined.

III. PROJECT DESCRIPTION

The Justice Reform Support Project (JRSP) consists of two separate agreements: (1) a Limited Scope Grant Agreement (LSGA) with the Government of Ecuador (GOE), and (2) a Handbook 13 Cooperative Agreement (CA) with the Corporación Latinoamericana para el Desarrollo (CLD). While there are two separate agreements, all activities focus on the creation of an Ecuadorian strategy for continued and sustainable justice sector reform. The activities to be financed under each agreement are discussed below.

The LSGA will provide funding for: (1) a Justice Sector Working Group (JSWG) composed by representatives from the Supreme Court, the Attorney General's Office, the General Prosecutor's Office, the Ministry of Government, the Secretary of Public Administration, USAID and the private sector. The primary purpose of the JSWG will be to design a project proposal to support Ecuadorian justice sector reform which will be presented to USAID/Ecuador and other donors for funding; (2) studies which include baseline data gathering and other studies to be determined by the JSWG; (3) travel for public and private sector officials to observe judicial reform efforts in other countries; (4) USAID Project Manager who will coordinate with the JSWG, supervise contracts for the studies, manage activities of CLD (discussed below) and other related activities; and (5) audit and evaluation.

Four sets of activities will be funded under the CA with CLD: (1) judicial reform Constituency Building and Public Education. Under this component CLD will promote greater public understanding and support for judicial reform efforts; (2) judicial reform Technical Support. The purpose of this component is to accelerate and deepen the reform process through several activities including the provision of secretariat services to the Quito and Guayaquil Private Sector Working Groups; (3) drafting of legislation; development of a library facility, and others; and (4) CLD institutional development. The basic purpose is to support CLD's efforts to develop itself into a self-sufficient, independent and broadly based non-governmental judicial reform organization with widespread support. Activities will focus on improving the functioning of the Board of Directors and the administrative and financial management of CLD.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES (OR OTHER JUSTIFICATION)

The administration of justice in Ecuador is in a state of crisis. The growth in Ecuador's population over the last 20 years, and the accompanying shift in its geographic distribution from rural to urban areas, has placed increased demands on the judicial system. Depressed economic conditions in the 1980s further contributed to demands on the courts as crime rates increased. Ecuador is in an urgent need to reform its justice system. The JSRP directly supports USAID/Ecuador Strategic Objective No. 3 (S03). "Strengthen democratic institutions with greater citizen participation", by providing the Ecuadorian justice sector with the necessary assistance to develop an Ecuadorian strategy for continued and sustainable justice sector reform. The project will also support private sector efforts to build public consensus for judicial reform and provide the necessary assistance to the public sector for the drafting and enactment of necessary reforms to the legislation. Finally, the project will support the institutional strengthening of a local NGO working in the area of judicial reform, therefore creating a local capability for future efforts in this area. One hundred percent of the LOP funds relate to S03.

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

Since the LSGA and the CA with CLD were signed prior to the termination of this reporting period, it is too early to discuss progress toward purpose achievement. Nevertheless, the formation of a JSWG should be considered as an achievement in itself. This is the first time in recent Ecuadorian history that all justice sector institutions have actually met together to discuss sector problems.

VI. PROGRESS DURING REPORTING PERIOD

1. The LSGA with the GOE was signed by the U.S. Chargé d'Affaires and the Ministry of Government establishing the JSWG. The signing ceremony was also attended by members of the JSWG, including the President of the Supreme Court, the Attorney General, the General Prosecutor, the Minister of Government and the Secretary of Public Administration. These members of the JSWG, also signed the agreement as witnesses.

2. The CA with CLD was also signed during this reporting period.

VII. GENDER CONSIDERATIONS

This project centers on the development of an Ecuadorian Strategy for judicial reform which will take gender related issues into consideration.

VIII. EVALUATIONS AND AUDITS

A midterm evaluation is planned after the first year of the project. An audit will be undertaken at the end of the project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

N/A, as this is a new project.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. First meeting of the JSWG.
2. Delivery of CLD's workplan for the implementation of the CA.
3. Second meeting of JSWG.
4. Definition of the outputs for the project.
5. Delivery of Financial and Administrative Procedures Manual by CLD.
6. Contract a series of studies under the LSGA. The scope of work for these studies will be developed with the assistance of the JSWG. The studies include one that will gather baseline data regarding case backlog, case processing time and pre-trial detainees.

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PROJECT STATUS REPORT
October 1, 1992 - March 31, 1993

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I. BACKGROUND DATA

Project Title: Administration of Justice (AOJ)
 Project Number: 518-0115
 Date of Authorization: original 06-04-92 last amendment N/A
 Date of Obligation: original 06-04-92 last amendment N/A
 PACD: original 12-30-93 amended to N/A
 Implementing Agencies: ILANUD
 Major Contractors: N/A
 AID Project Officer: Christof Baer
 Status of CPs/Covenants: N/A
 Date of Last Evaluation: N/A
 Date of Last Audit: N/A
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution program: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 500,000
 Amount Obligated: DA Grant: original \$ 400,000
 Current FY Oblig.: Grant: \$ 0
 Amount Committed: Grant - Period: \$ 0
 Cumulative: \$ 373,701

Accrued Expenditures: Grant:
 Period - Projected: \$ 72,246
 Period - Actual: \$ 113,399
 Cumulative: \$ 186,879
 Period - Next: \$ 140,000

Counterpart Contribution: Planned: \$ 78,000
 Actual: \$ 0
 % LOP Elapsed: 83
 % of Total Auth. Oblig. (Grant) 80
 % of Total Oblig. Exp. (Grant) 47
 % of Total Auth. Exp. (Grant) 37

II. MAJOR OUTPUTS:

	PLANNED			ACCOMPLISHED		
	LOP PERIOD	CUM PERIOD	% OF LOP	NEXT PERIOD	CUM PERIOD	% OF LOP
1. Number of laws drafted*	2	0	0	1	0	0
2. Number of laws publicized*	1	0	0	1	0	0

* The outputs have been changed to correspond to the amendment of the Cooperative Agreement (CA).

III. PROJECT DESCRIPTION

The Administration of Justice (AOJ) Project as amended consists of six major activities: (1) the revision of the Penal and Sentencing Codes; (2) a publicity and consensus building process for the Penal Procedures Code; (3) an observational trip for members of the Supreme Court and other key actors to visit several countries to learn about the success of judicial reform in other countries; (4) a study of the Informal Justice System; (5) studies and Design Activities; and (6) a Regional Conference.

The revision of the Penal and Sentencing Codes will strengthen the state of law and respect for human rights in Ecuador as specified in its principal regional and

international agreements.

The publicity and consensus building process for the Penal Procedures Code is important for the passage of the code by Congress which will not happen if a broad publicity process is not undertaken. The code will need to be presented to the Supreme Court, the Office of the President, members of Congress, lawyers and the general public in order to generate sufficient debate and momentum for its approval.

The observational trip for key actors of the justice sector will help the Ecuadorian authorities in understanding how reform functions and how to improve the administration of the judicial branch. A National Council for the Judiciary was recently created in Ecuador to undertake all the administrative and managerial functions of the Judicial Branch. The functions of this entity will be regulated by the Organic Law of the Judicial Function which will be drafted in the next months with USAID's support. The trip will therefore have two sets of impacts: (1) it will familiarize the relevant authorities with this kind of agency and gather their support for the drafting and approval of the new Organic Law of the Judicial Function; and (2) it will strengthen the environment for judicial reform.

The Study of the Informal Justice System consists of research on the informal mechanisms used for conflict resolution in Ecuador, providing information on the structure, operation, effectiveness and the needs for improvement. The results of this research will be disseminated to encourage discussion on the study's implication for wider justice sector reform.

Finally, the Regional Conference will be designed to foster the diffusion and acceptance of the revised codes and procedures.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES (OR OTHER JUSTIFICATION)

The administration of justice in Ecuador is in a state of crisis. The growth in Ecuador's population over the last 20 years, and the accompanying shift in its geographic distribution from rural to urban areas, has placed increased demands on the judicial system. Depressed economic conditions in the 1980s further contributed to demands on the courts, as crime rates increased. The current Ecuadorian legislation to deal with these increasing demands on the judicial system is outdated. This is especially true of the legislation to be revised and/or publicized under this project. The AOJ project directly supports USAID/Ecuador's S03, "Strengthen democratic institutions with greater citizen participation", by providing the judicial system with a set of laws and procedures to make the administration of justice in Ecuador more effective and transparent. The project is aimed at strengthening the capability of the Judiciary and the Prosecutorial Function to provide better and timely services to the population, thus enforcing the democratic system in Ecuador. Finally, the project seeks to deepen and consolidate the ongoing judicial reform process. One hundred percent of the LOP funds relate to S03.

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

The purpose of this CA is to provide support to Instituto Latinoamericano de Naciones Unidas para la Prevención del Crimen y Tratamiento del Delincuente (ILANUD) in its efforts to revise selected Ecuadorian laws and legal codes and procedures, and to conduct a study of the informal judicial system.

ILANUD, the project implementing agency, has continuously failed to meet the outputs and deadlines of the project. Some of this was attributable to ILANUD's former local representative who lacked the sufficient skills to manage the implementation of the project and who did not get enough support and guidance from ILANUD's home office. This resulted in substantial delays at the beginning of the project. After the resignation of this individual, two months passed before ILANUD provided a new representative. During these two months and despite efforts made by the Mission to continue with implementation, the activities of the project fell further behind. During this period ILANUD's home office did not attempt to assure continuity in the implementation of the project activities.

When the new representative arrived, he had to restart all the activities in what was a time-consuming process. The new representative is an individual who has proved to be a good, responsible manager. Nevertheless, the home office has continued to be unresponsive in providing him with support and guidance, and has shown no interest in the implementation of the project. This has caused further delays and problems in the implementation of the different activities. During the last month of this reporting period ILANUD was completely unresponsive to USAID's verbal and written requests to address project implementation issues.

Despite the lack of support from ILANUD's home office, the project has progressed albeit slowly. The drafting commission that is conducting the revision of the Penal Code has finished the revision of the Penal Code which is now being reviewed by an international expert. The publicity process for the Penal Procedures Code, which will be subcontracted by ILANUD to a local NGO (Corporación Latinoamericana para el Desarrollo, CLD), will start at the beginning of the next reporting period. The observational visit will be organized for the second quarter of FY94 and the countries to be visited will be chosen according to the needs of the Ecuadorian justice sector and the USAID program.

The PACD of the project will have to be extended due to the delays in project implementation. (For more details see Section IX)

VI. PROGRESS DURING REPORTING PERIOD

From the seven major actions planned for this semester, six have not been completed to date. The two seminars planned for the dissemination of the Penal Code were not held. The final draft of the Penal Code has not been delivered, although a final draft has been completed and is now in its last revision. Similarly, the two actions related to the Study of the Informal Justice System were not completed. Explanation for these delays follow.

1. The revision of the Penal and Sentencing Code has made slow progress during the reporting period. The drafting commission has finished the revision of the second part of the code, which is currently being revised by an international expert. Slow progress in the revision process was due to the loss of interest in the activity by the members of the drafting commission which were left without support when ILANUD's former local representative left. Almost two months passed before the new representative arrived which caused anger among the members of the commission. This has led them to be unwilling to continue working on the activity (see Section IX).
2. The publicity and consensus building process for the Penal Procedures Code is in the process of being subcontracted to a local NGO which has experience in this area: the CLD. CLD has developed the scope of work for this activity and is ready to move ahead with it as soon as contracting process is finalized.
3. The observational trip has been deferred to the second quarter of FY94 in order to allow the Ecuadorian authorities which have recently formed a JSWG to determine priorities and plan accordingly.
4. The Study of the Informal Justice System is now progressing satisfactorily. The team that was originally contracted to carry out this activity did not perform well. It did not design a coherent methodology and was going to base the study on poorly designed questionnaires. The decision was taken to contract a new team to conduct the study. This new team, considering the broadness of the informal conflict resolution mechanisms that exist in the country, has expanded the scope of work for this activity and has asked for additional time to complete it. New questionnaires were developed for various groups related to informal justice systems: members of different communities including ethnic groups, leaders from representative communities in Quito, Guayaquil and Santo Domingo de los Colorados, police judges of Quito and Guayaquil who act in certain cases as "jueces de paz" and professionals. The group has also done extensive documental research. A good product is to be expected from this study since the members of the team conducting it have proven to be professionals who are truly committed to this activity. The final report will be presented to USAID by the end of the next reporting period.

VII. GENDER CONSIDERATIONS

This project centers on the revision and drafting of administration of justice legislation and consensus building activities for its approval. Improved codes and procedures should increase women's access to the judicial system by making the level of access less dependent on the individual's control of resources.

VIII. EVALUATIONS AND AUDITS

ILANUD is required to submit quarterly progress reports. The final evaluation and audit are planned for the end of the project. ILANUD has submitted a progress report for the last quarter of this reporting period. This report was prepared by ILANUD's local representative with little involvement by ILANUD/Costa Rica.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: As previously explained, the drafting commission for the revision of the Criminal and Sentencing Code has finished drafting the Penal Code. Nevertheless the members of the commission have expressed their unwillingness to continue participating in this activity due to the poor support they received from ILANUD, especially during the absence of its local representative. This means that the commission will most likely not participate in the dissemination activities for the revised Penal Code and will not revise the Sentencing Code.

Corrective action: USAID/Ecuador will therefore seek agreement on the part of ILANUD to terminate this activity with the delivery of the revised Penal Code. The dissemination activities and the revision of the Sentencing Code will be undertaken on a later undetermined date with the participation of an Ecuadorian NGO.

The publicity and consensus building process of the Penal Procedures Code to be subcontracted to CLD will have a duration of six months. CLD has developed a scope of work for the activity and has contacted excellent professionals to carry it out. Here again ILANUD has been unresponsive in the process of negotiating the correspondent contract with CLD. CLD has repeatedly requested ILANUD to initiate the activity obtaining unusually slow responses. It is expected that this activity will start at the beginning of December 1993.

As stated before, the observational trip for Ecuadorian justice sector authorities will be scheduled for the second quarter of FY94.

The Study of the Informal Justice System will also need more time than was planned. The broader and more complete new scope of work developed by the team conducting the study calls for an additional six months to terminate the investigation and present the final report to USAID/Ecuador.

For all the reasons mentioned above, USAID plans to amend the CA with ILANUD to extend the PACD for an additional six months. Although ILANUD has been a poor implementor, an extension of the PACD will permit the completion of activities that are important for the Mission's ADJ strategy; the publicity and consensus building process for the Penal Procedures Code, which will be managed by CLD; the termination of the Informal Justice System; and the observational trip. The code, which was previously drafted with USAID's assistance lacks sufficient support among the Ecuadorian legal community for its passage by Congress. The publicity and consensus building process will generate more debate and knowledge about the Code to ensure its passage by Congress.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Start publicity and consensus building process for Criminal and Sentencing Code.
2. Amend CA to extend the PACD.

3. Delivery of final draft of the Penal Code.
4. Approval of schedule for observational trip.
5. Delivery of Study of Informal Justice System.
6. Delivery of final draft of the Penal Procedures Code.

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SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE NO. 4
"TO PROMOTE SUSTAINABLE USE OF THE NATURAL RESOURCE BASE"
Second Semester, FY 1993

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

The Mission's newly focused Environmental Portfolio consists of the Sustainable Uses of Biological Resources (SUBIR) (518-0069), the Charles Darwin Foundation (518-0107), Environmental Education (Educar) (518-0117), and Environmental Education (EDUNAT III) (518-0079) projects.

During its reporting period, the Mission decided to restructure and increasingly focus project outputs upon a reduced number of priorities. The actions flowing from that decision required a re-examination of the implementation matrix for natural resources policy reform. The process was initiated in late August, and a final document will soon be approved by the Mission.

The environmental objective was changed from its previous focus on biodiversity to address more intensively the natural resource policy and management issues currently under joint review with the GOE in a USAID-initiated Environmental Action Plan (EAP) activity. This report focuses upon achievements of the previous S05, "To stem the loss of biodiversity and accelerate a transition from resource mining to resource management in and around selected protected areas."

The most significant event during this period was the formal initiation of the EAP preparation, in conjunction with the establishment of a Presidential Environmental Advisory Commission. Several of the conditions precedent to disbursement for the Interamerican Development Bank (IDB) EAP loan were met by the National Planning Agency (CONADE), and an environmental unit within CONADE was organized to provide technical support for the Presidential Commission.

An additional \$700,000 was obligated by the Mission to strengthen the SUBIR project's policy analysis, dialogue and reform activities, focused upon removing constraints to sustainable natural resources management, and to finance long-term U.S. graduate training in natural resources and environmental economics.

At the request of the National Forestry and Parks Agency (INEFAN), SUBIR project officials and counterparts assisted in developing a monitoring plan for oil field road-building activities in the Yasuni National Park required to comply with private-sector environmental management plans. Project personnel also held meetings with private sector lumbering interests to help develop sustainable forestry management plans for northwestern Ecuador to minimize negative impacts on the unique biological diversity found in the region.

A seminar and book presentation ("Ecuador's Environmental Policy Crisis") was held to launch the USAID-funded study of Ecuador's natural resource policies and their impacts. Over 200 people attended the event, at which the U.S. Chargé d'Affaires presented an overview of the U.S. government's environmental policies. An edited

version of the study will be published by Oxford University Press in book form.

The USAID centrally-funded Parks in Peril project experienced serious delays in implementation. Following discussions among The Nature Conservancy, Fundación Natura-Quito, and USAID, it was agreed that three field-based NGOs who are already working in the parks will assume field implementation responsibility, in place of Fundación Natura-Quito.

The Mission obligated additional \$300,000 for the Galapagos Islands project to enable the expansion of the Charles Darwin Foundation's activities for control and eradication of introduced animal and plant species that are threatening the islands' fragile ecosystems. A new Operational Program Grant for \$300,000 was signed with the OIKOS Foundation to continue selected environmental education activities, and to seek improved technologies to address problems of industrial pollution.

Mission activities addressing the achievement of S04 are broadly based. A comprehensive integrated pest management and phytosanitary program has been strengthened to improve the safe management and handling of pesticides and to assure compliance with pesticide residue regulations for crops exported to the U.S. Workshops on safe application, control, and storage of pesticides combined with sustainable cultural practices are provided, with special emphasis upon increasing the awareness among female employees regarding prenatal exposure to pesticides and other agrochemicals. The GOE provides local currency funding through the PL-480 Section 416b program to finance a USDA/APHIS Pre-Inspection specialist.

The Mission's training program continues to finance short and long term environmental course work and practical natural resource management skills in the U.S. for many young Ecuadorians, including minority and indigenous representatives from grass-roots level ecological and community action organizations. Activities to help address solid waste collection and disposal problems in Quito through the Sister Cities program linkage to Louisville, continue to be supported by USAID's Regional Housing and Urban Development Office, in addition to obtaining technical assistance to evaluate urban industrial pollution problems.

2. Significant Sector Developments and Issues Relating to S04

Intensive analytical and policy dialogue activities by the Institute of Agricultural Strategies (IDEA), funded through the Agricultural Sector Reorientation Project (ASRP), have obtained a broad consensus of private sector and legislative committee support for the new Agrarian Law, which will be submitted by the Executive Branch to Congress in early FY 94. This historic legislation, the first major reform of real property rights in 30 years, will increase the security of tenancy, ease the transfer of land via sale or rental, and will create the conditions necessary to establish modern land tax and banking institutions. The expected impact upon increased rural

economic growth, investment, development and reduced pressure upon the natural resource/environmental base is immense.

Environmental and social issues associated with petroleum development in the Amazon rain forest present a major challenge for Ecuadorian policy makers and international firms operating in the region. The issue of oil exploration in protected areas is receiving increased national media coverage, especially following a recent presidential reversal of INEFAN's prohibition of petroleum activities in the Cuyabeno Wildlife Reserve. This increased attention may enable environmental NGOs and the general public to increasingly influence GOE policies regarding implementation of environmentally sound oil activities by the state oil company. Environmental assessments of oil activities in fragile ecosystems are not made available to the general public and difficult to ascertain whether the state enterprise or its subcontractors are in compliance.

The new Hydrocarbon Law proposed by the Executive Branch does not contain sufficient environmental controls for the new oil concessions to be issued in the first quarter of 1994. Without these environmental mitigations, oil production activities will continue to have a negative impact on fragile ecosystems that contain high biodiversity such as Yasuni National Park.

3. Monitoring of Strategic Objective Indicators

Indicators are still being field tested and several baseline studies were completed during the reporting period. In early FY 94, a management information systems specialist will finalize the SUBIR project's monitoring and evaluation (M&E) plan.

4. Recent Developments in Policy Dialogue Agenda Related to the Strategic Objective

The White House Director on Environmental Policy visited Ecuador to participate in a regional Peace Corps conference on the environment. She also visited environmentally sensitive areas, met with GOE officials (including the President), leaders from the oil and mining industries and environmental NGOs, and held interviews with the local and international press corps.

The conclusions and recommendations cited in the natural resource assessment sparked debate within the Ecuadorian community. The assessment was praised by the Director of INEFAN for providing accurate data, rigorous analyses, and listing realistic recommendations to resolve Ecuador's natural resources policy crisis. For anyone interested in working in Ecuador's natural resources, the assessment is viewed as required reading.

5. Review of Issues and Actions from the last SAR

1. Scope of work for the contracting of a management information specialist to review progress to date on SUBIR project M&E Plan; contract expected early CY 94.
2. Translation of the natural resources policy assessment to Spanish has been completed and the summary has been contracted for delivery in early CY 94.

Meetings with the GOE, NGOs, and private sector, to complete a national environmental strategy continue.

3. Establishment of indicators for Environmental Education and Technology Transfer and Charles Darwin projects have been partially completed; to be re-examined by Mission in early FY 94.

4. Dialogue with Petroecuador and U.S. oil companies has continued.

6. Major Actions for the Next Six Months

1. Implement World Resources Institute Work Plan to assist the GOE in developing the Environmental Action Plan, working with the Presidential Task Force, IOB, environmental NGOs, and CONADE.
2. Monitor and evaluate natural resource policy reform analysis and dialogue contracted with the Fundación IDEA under the SUBIR project.
3. Review the SO tree, project outputs, indicators, and M&E plans for projects supporting this SO in order to reflect the modification of the recently revised SO. As the Mission reformulates the SO tree and other monitoring requirements for SO4, an analysis and review of the recently modified ASRP, AREE, and Agricultural Education II project outputs will be undertaken to determine their degree of attribution to achieving SO4 in addition to SO1.
4. Meet quarterly with Embassy to review progress on environmental program objectives.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Sustainable Uses for Biological Resources (SUBIR)
 Project Number: 518-0069
 Date of Authorization: original 08-14-91 last amendment 00-00-00
 Date of Obligation: original 08-30-91 last amendment 09-30-92
 PACD: original 09-15-97
 Implementing Agencies: National Forestry and Parks Agency (INEFAN) Institute of Agricultural Strategies (IDEA)
 Major Contractors/Grantees: CARE International The Nature Conservancy (TNC) Wildlife Conservation Society Ron F. Ruybal 100 % met
 AID Project Officer:
 Status of CPs/Covenants:
 Date of Last Evaluation: 00-00-00
 Date of Last Audit: 08-15-92
 Next evaluation: 03-15-94
 Next Audit: 09-30-93
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 1
 Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 9,000,000
 Amount Obligated: DA Grant: original \$ 2,986,053 Last Amend \$ 5,302,053
 Current FY Obligated: \$ 1,318,000
 Amount Committed: Period
 IDEA \$ 1,318,000
 CARE \$ 0
 JCC Advisor \$ 1,318,000
 Cumulative: JCC Advisor \$ 0
 IDEA \$ 5,302,053
 CARE \$ 286,300
 JCC Advisor \$ 4,872,053
 JCC Advisor \$ 143,700
 Accrued Expenditures: Period-Projected: \$ 540,000
 Period-Actual: \$ 1,599,772
 IDEA \$ 87,248
 CARE \$ 1,467,405
 JCC Advisor \$ 45,119
 Cumulative: JCC Advisor \$ 3,651,206
 IDEA \$ 160,184
 CARE \$ 3,386,777
 JCC Advisor \$ 104,246
 JCC Advisor \$ 700,000
 Counterpart Contribution: Planned: \$ 1,215,800
 Actual: \$ 0
 % LOP Elapsed: 33
 % of Total Auth. Obligation: 59
 % of Total Oblig. Expended: 69
 % of Total Auth. Expended: 41

II. MAJOR OUTPUTS:

1. Community Organizations Implementing SUBIR-Promoted

Activities	150	8	0	0	8	10	6
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ning/accounting	100	20	10	0	0	20	10	20	10	61	25	86
c. Members of Ecuador's armed forces trained in environmental sciences	800	0	0	0	0	200	0	0	0	0	0	0
d. Reserve guards & community extension agents trained (continuous)	100	19	0	0	0	20	0	19	0	53	0	53
e. Participants receiving training in land use technologies	2000	70	30	0	0	50	25	70	30	170	70	12
f. Community workshops or seminars held in each of the six areas	30	5	0	0	0	5	0	5	0	5	0	16

III. PROJECT DESCRIPTION

The purpose of the project is to identify, test, and develop economically, ecologically, and socially sustainable resource management models in selected protected areas 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.

The project is organized under six major components: (1) policy analysis, dialogue, and training; (2) organizational development; (3) natural areas management; (4) ecotourism development; (5) improved use of land and biological resources in buffer zones; and (6) research and monitoring.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

The Mission has traditionally attributed 100% of this project's funding to support S05, "To stem the loss of biodiversity and accelerate a transition from resource mining to resource management in and around selected protected areas".

Public policies applied for many years in Ecuador have thwarted rural economic development and discouraged environmental conservation. Whitaker (1990) identified several constraints, such as inappropriate tenurial arrangements, government intervention in markets for natural resources, and failure to invest in the national scientific base. Southgate and Whitaker (1993) completed an assessment of the policy constraints impeding effective stewardship of natural resources. The fundamental argument made in the assessment is that public policy has discouraged an efficient response to mounting renewable resource scarcity caused by population and income growth, and increasing commodity exports. As a result, the country has failed to exploit important complementarities between economic progress and environmental conservation.

The project contributes to: (1) increased public and private understanding of policy issues through research and analysis of the impact of natural resource policies on natural resource use; (2) the identification of specific policy reform initiatives

LOP	PLANNED		NEXT PERIOD		ACCOMPLISHED		% OF LOP
	PERIOD	CUM	PERIOD	PERIOD	PERIOD	CUM	

20	8	0	2	4	21	105
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2. Ecuadorian NGOs Implementing SUBIR Activities

LOP	PLANNED		NEXT PERIOD		ACCOMPLISHED		% OF LOP
	PERIOD	CUM	PERIOD	PERIOD	PERIOD	CUM	

8	0	0	1	1	5	62
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3. Government Organizations Implementing SUBIR Activities

6	0	0	1	0	3	50
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4. Park Management Plans Implemented

12	3	0	3	2	5	41
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5. Community-Based Ecotourism Programs Developed

27	6	0	3	3	3	11
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6. Land-Use Models in Community Forestry, Agriculture, and Biological Resources Extraction Developed

90	10	0	10	10	26	28
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7. Demonstration Plots Established in Buffer Zones

150	10	0	10	2	3	2
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8. Community Tree Nurseries Producing Seedlings

12,000	80	0	20	20	40	0
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9. Hectares of Buffer Zone Lands Treated with SUBIR-Promoted Technology

LOP	PLANNED		NEXT PERIOD		ACCOMPLISHED		% OF LOP
	PERIOD	CUM	PERIOD	PERIOD	PERIOD	CUM	

200	15	5	0	0	23	3	23	3	57	23	40
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10. Training (persons)

- a. Professionals trained in applied research methods
- b. Community organization leaders trained in plan-

required to improve natural resource use efficiency; (3) the presentation of policy alternatives and the development of consensus among those who influence and/or make policy decisions; and (4) the monitoring and evaluation of natural resource policy reforms.

Implementation of project activities is based on the assumptions that: (1) change in land-use practices will slow the loss of biodiversity; (2) national level policy reforms can be coordinated with field activities to obtain the desired change of behavior from resource mining to resource management; (3) economically attractive and socio-culturally acceptable natural resource models can be developed, field tested and adopted; and that (4) with increased local economic diversity and improved technology, residents will opt for intensive rather than extensive land use.

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

The purpose of the project remains a valid statement. The project's monitoring and evaluation (M&E) Plan is tracking progress towards the achievement of the EOPS.

VI. PROGRESS DURING REPORTING PERIOD

USAID Activities

1. The Environmental Action Plan was signed in August 1993 and a Presidential Task Force was created to guide development of the Plan.
2. At the request of the National Forestry and Parks Agency (INEFAN), monitoring of oil field road-building activities in the Amazon Basin was conducted to observe whether private sector environmental management plans are being honored.
3. Meetings were held with lumbering interests regarding sustainable forestry management in Northwest Ecuador to minimize negative impacts on the Cotacachi-Cayapas Ecological Reserve.

IDEA Activities

1. A new sub-contract between CARE and IDEA was funded to provide policy analysis, dialogue and policy reform activities focused upon removing constraints to sustainable resource management, and to fund approximately 6 M.S. and Ph.D. scholarships in natural resource and environmental economics.
2. A seminar and book presentation was held to launch the USAID funded study of Ecuador's natural resource policies and their impacts. Over 200 people attended the event, at which the U.S. Chargé d'Affaires presented an overview of the U.S. government's environmental policies. An edited version of the study will be published by Oxford University Press in book form.

Consortium Activities

1. Transects to monitor mammals and birds, as part of the biological monitoring activities, were completed in Sinangue. Work on five of fourteen applied studies began.
2. Precision mapping continued, but there has been difficulty gaining access to the imagery and generating the mapping required to comply with the monitoring objective.
3. Ecotourism inventories were conducted in Playa de Oro, San Miguel, Sinague, and Anangu, and were the basis of a series of workshops in these communities. Based on these inventories and participation of the communities, ecotourism plans are being developed.
4. The Napo River Transportation business was inaugurated and FECUNAE received on-going business management expertise from FIPAD. The transportation system has proven to be very popular and useful service to the whole Napo region and as well has enhanced the prestige of FECUNAE in the area. This is a good example of how institutional strengthening, coupled with enterprise development, can have a major impact with limited financial investment.
5. The Cuelloje effort with SUBIR/CARE/PROHUSTA is starting to change the agricultural practices in the area. The cultural practices of the farmers in this area before SUBIR intervention were to slash and burn for grains and then plant pasture. After SUBIR intervention, the farmers are planting fruit and tree crops in association with garden crops. SUBIR is working on marketing strategies to assist the Farmers' Associations in selling their increased output.
6. Development of the Emergency Plan for Yasuni National Park is proceeding.
7. A para-legal training program has been implemented to address problem areas in land titling and communal lands in regard to protected area management. Fifteen leaders from communities assisted in workshops designed to assist the communities in knowing their land titling rights. Representatives from IDEA and the GOE also attended the workshops. The objective is to increase community awareness on these subjects, as policies are being revised at the national level, e.g. new agrarian law.
8. Following a series of discussions between representatives of USAID, INEFAN, the Consortium, and the environmental NGO community, it was agreed the national umbrella organization of environmental NGOs (CEDENMA) will represent the environmental NGO community on the Project Implementation Committee.

VII. GENDER CONSIDERATIONS

SUBIR has integrated aspects of gender, ethnicity and age of participants in all aspects of project implementation, including: disaggregating (DGFA) resource use practices within the socioeconomic diagnostic survey instrument, training programs across gender and ethnic lines, and balanced participation at all counterpart levels (community, NGO, and SUBIR staff), as well as in the SUBIR M&E Plan. Data is currently being collected for program planning.

VIII. EVALUATIONS AND AUDITS

The M&E Plan has been finalized and will be used as the basis for generating data for periodic evaluations. Field instruments (e.g. socioeconomic diagnostic survey) are being prepared by component as activities are unfolding in the project areas.

SUBIR has instituted a fully computerized accounting and inventory system to facilitate periodic audits. Currently, the project submits monthly financial statements to USAID using the Cooperative Agreement budget format.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: There appears to be a lack of political will among INEFAN executives to develop a functioning National Park System. Decisions which affect SUBIR park planning activities are taken in isolation without consulting the SUBIR specialist. INEFAN has failed to provide a furnished office (furniture, computer and telephone) for the specialist, claiming that USAID-funded nonexpendable property (NXP) provided in earlier projects has disappeared.

Corrective Actions: Project implementation oversight will be increased to achieve better coordination and possible alternative implementation mechanisms will be explored; an audit of USAID provided NXP will be undertaken.

2. Issue: The grantee's implementation team has experienced significant personnel changes during the last six months. The entire Borbon team was removed as well as the Coordinator for Institutional Strengthening. The Regional Coordinator for Ibarra, the Coordinator for the Improved Use of Land and Biological Resources, and the Senior Accountant all resigned for various reasons.

Corrective Actions: Project implementation oversight will be increased and an analysis of CARE's employment and salary policies will be reviewed.

3. Issue: The project as currently structured may be overambitious; more than a few activities are not being carried out as scheduled. The Consortium is implementing over three hundred activities, and the project will have a

funding shortfall for phase one. There is a perception the Consortium is resolving day-to-day crises rather than analyzing or anticipating problems, or planning for the future.

Corrective Actions: A planned evaluation will be accelerated and the next workplan will be carefully reviewed to determine whether the number of activities should be more focussed.

4. Issue: Midway through the second semester, the Mission re-examined the scope of its portfolio and its capacity to effectively address five SOs. The decision taken to restructure and focus project outputs upon a reduced number of priorities, and the actions flowing from that decision, required a re-examination of the implementation matrix.

The environmental SO was changed from its previous focus on biodiversity to address more intensively the natural resource policy and management issues currently under joint review with the GOE in a USAID-initiated Environmental Action Plan activity. Although the review was initiated in late August, a final document has not yet been approved by the Mission.

Corrective Actions: Although all of the LOP funds are currently designated against the new SO4, it is increasingly recognized that a significant portion of the investment in this project may simultaneously address SO1. "To increase sustainable economic growth for a broad base of the population."

The Mission will review the SO tree and other monitoring requirements for SO4, and undertake an analysis and review of the SUBIR project outputs to determine their degree of attribution to achieving SO1, in addition to SO4.

X. MAJOR ACTIVITIES PLANNED FOR THE NEXT SEMESTER

IDEA Activities

1. Reprogram remaining funds to publish a condensed Spanish version of the Natural Resources Assessment.
2. Undertake policy analysis and dialogue activities and develop a long-term graduate degree training program in the U.S.

Consortium Activities

1. Examine the project's M&E Plan, including financial reporting systems, to determine if information is being generated and used as a management tool for project planning.
2. Hire Institutional Strengthening and Forestry Component Coordinators and submit revised personnel staffing plan to USAID.
3. Reprogram all activities for the Borbon area and orient new field team.

4. Determine if Smart Wood Program is viable for Ecuador, and if so, develop Plan of Action.

USAID activities

1. Assist the Consortium in identifying a Management Information Specialist to review SUBIR's Management Information System.

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STRATEGIC OBJECTIVE No. 4

Project Name: Conservation of Biological Resources
in the Galápagos Islands, Ecuador

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:	\$500,000
Total Obligated Amt:	\$500,000
In-kind Contributions:	\$ 68,000

Grantee: The Charles Darwin Foundation.

LOP: 30 September 1991 - 30 September 1994.

Technical Office: ANRO

PROJECT PURPOSE:

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

MISSION INVOLVEMENT:

Approval of annual work plans and monitoring of project implementation.

STRATEGIC OBJECTIVE NO. 4 INDICATORS

- Change in abundance and distribution of species indicating diversity in and around selected protected areas.
- Fees collected from users of national parks and dedicated to park management.

STRATEGIC OBJECTIVE NO. 4 PROGRAM ACTIVITIES

- Train park personnel and strengthen park administration.
- Carry out policy dialogue

STRATEGIC OBJECTIVE NO. 4 PROGRAM OUTPUTS

- Stabilized or reduced area under active encroachment in selected protected areas.
- Improved conditions created through policy change to encourage resource management rather than resource mining.

MAJOR ACCOMPLISHMENTS TO-DATE

- A new agreement was signed on September 27, increasing funding by \$300,000, to expand project activities under the following components: (1) Plant and Animal Conservation; (2) Human Impacts on Biological Diversity; (3) Dissemination of Information and Education; (4) Monitoring of Indicator Species; (5) Marine Resources; and, (6) Administrative Support and Support Staff.

- The Charles Darwin Foundation has initiated a data base of native animals and plants in the Galápagos. To date, 886 native plants have been recorded on 36 islands.

- A plant and animal quarantine program is being designed to protect the islands. The Charles Darwin Foundation has participated in the preparation of regulations for Plant Quarantine to be applied in the Galápagos Islands.

- A protection program for native plants and for the eradication of introduced animal and plant species is being designed. Technical training on the safe use and application of herbicides was provided to the National Park personnel.

- The publication "Behavioral Diversity as Biological Diversity: Introduced Cats and Lava Lizards Wariness" was issued. This document reports on indirect human impacts due to the introduction of cats to the islands.

- Two Charles Darwin Foundation professionals attended short-term training programs on National Park Management and Agroecology.

CURRENT STATUS INCLUDING MAJOR ISSUES

- No major issues have been observed during project implementation.

- The Audit report requested under the USAID/Darwin agreement has been delayed due to modifications of the Financial Administration structure of the Foundation. The audit report will be submitted to USAID/Ecuador by January 7, 1994.

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STRATEGIC OBJECTIVE NO. 4

Project Name: Environmental Education and Technology Transfer
Project Number: 518-0117
Fiscal Data: PIO/T No: 518-0117-3-30114
Grant No.: 518-0117-G-00-3320-00
Appropriation: 72-1131021
Budget Plan Code: LDVA-93-25518-EG13
Total Estimated Amt: \$500,000
Total Obligated Amt: \$500,000
Counterpart Contr.: \$100,000 (Planned)
Grantee: The OIKOS Foundation
LOP: September 24, 1993 - September 23, 1994
Technical Office: ANRO

PROJECT PURPOSE:

The purpose of the project is to increase Ecuadorians' awareness of ecological issues by encouraging leaders and the public in general to change attitudes and practices with regard to industrial and agricultural production processes, and to change social, political and cultural structures that impact negatively on the environment and natural resources.

The project will seek options to improve technologies to address industrial pollution problems, either by pollution prevention techniques or by reducing costs of proposed solutions to industrial pollution.

MISSION INVOLVEMENT:

The current grant provides funds for only one year. OIKOS must submit an Annual Work Plan and a plan to obtain other donor contributions, as condition precedent to any USAID disbursements. Implementation will be monitored by USAID through frequent meetings with OIKOS officers and through monthly progress reports.

STRATEGIC OBJECTIVE NO. 4 INDICATORS

- For Ecuadorian environmental NGOs working with USAID projects, capacity to carry out their mandates and contribute to stemming loss of biodiversity in Ecuador.

STRATEGIC OBJECTIVE NO. 4 PROGRAM ACTIVITIES

- Identify and adapt improved technologies which address industrial pollution.

STRATEGIC OBJECTIVE NO. 4 PROGRAM OUTPUTS

- Increased capacity among local communities and Ecuadorian NGOs to plan and administer programs, develop policies, and monitor resource and environmental status.

MAJOR ACCOMPLISHMENTS TO DATE

Project implementation began in September 1993.

CURRENT STATUS INCLUDING MAJOR ISSUES

No major issues.

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PROGRAM ASSISTANCE

Economic Stabilization and Recovery Program III (518-0116)

Food Aid Program (518-0480)

PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Economic Stabilization and Recovery III Program
 Project Number: 518-0116
 Date of Authorization: original 09-30-92
 Date of Obligation: original 09-30-92
 PACD: N/A
 Implementing Agencies: Ministry of Finance and Public Credit, MOF
 Major Contractors: N/A
 AID Project Officer: Paula Goddard/Rocio Cedeño
 Status of CPs/Covenants: All met

Date of Last Evaluation:	N/A	Next evaluation:	N/A
Date of Last Audit:	N/A	Next Audit:	03-94
Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program:	None	Number of such audits contracted for/ completed during the reporting period:	None

FINANCIAL DATA

Amount Authorized: ESF Grant: original \$6,200,000
 Amount Obligated: ESF Grant: original \$6,200,000
 Current FY Oblig.: Grant: \$ - 0 -
 Amount Committed: Grant - Period: \$ - 0 -
 Cumulative: \$6,200,000

Accrued Expenditures: Grant:
 Period - Projected: \$ - 0 -
 Period - Actual: \$ - 0 -
 Cumulative: \$6,200,000
 Period - Next: \$ - 0 -
 Counterpart

Counterpart Contribution:	Planned:	\$6,200,000 (1/c)
	Actual:	\$6,200,000 (1/c)
% LOP Elapsed:		N/A
% of Total Auth. Oblig. (Grant)		100
% of Total Oblig. Exp. (Grant)		100
% of Total Auth. Exp. (Grant)		100

II. MAJOR OUTPUTS:

N/A.

III. PROJECT DESCRIPTION

This ESF Program will provide support to Ecuador's Economic Reform Program, as well as to its counter-drug efforts. The dollar funds will be used to reimburse the GOE for financing eligible imports from the U.S. Policy conditionality includes the establishment of economic reform measures, provision of a GOE privatization office and strategy, and GOE support for counter-drug activities. The local currency program will support the economic reform measures and will be implemented by the GOE in accordance with USAID local currency guidelines.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES (OR OTHER JUSTIFICATION)

N/A.

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

The \$6.2 million grant consists of a cash transfer disbursed to a separate account held in the name of the GOE, upon compliance with the conditions precedent described in the authorization and agreement. During the reporting period, the MOF compiled data on capital goods imports from the U.S. necessary to justify the use of dollars. This process was completed and the release of funds from the Separate Account to the Central Bank was authorized through Implementation Letter No. 008, dated August 30, 1993.

Accomplishments to date include USAID's support for the GOE's social programs through the Emergency Social Investment Fund (FISE), and for efforts to promote the modernization of the state through Consejo Nacional de Modernización (CONAM).

VI. PROGRESS DURING REPORTING PERIOD

1. Activity ESR-116-002 was created to finance the activities, construction, goods and services of the FISE.

The ESF activities in support of FISE were authorized in June 1993. The purpose of the FISE is to give small (under \$250,000), one-time grants to local communities and organizations to alleviate the burdens of macroeconomic adjustment. FISE has successfully begun the selection of projects and the disbursement and monitoring of funds. Additional financial assistance for the FISE is expected from the multilateral donors (World Bank).

2. Activity ESR-116-003 was created to continue financing the administration of the Economic Stabilization Program.
3. Activity ESR-116-003-A was created to provide funds for institutional strengthening of the Subsecretariats of Public Credit and Treasury of the Ministry of Finance (MOF).

VII. GENDER CONSIDERATIONS

N/A.

VIII. EVALUATIONS AND AUDITS

The National Controller General's office is the entity that audits local currency activities under this ESF Program. Monitoring of activities is performed by the Program Implementation Unit of the Subsecretariat of Public Credit.

An audit will be performed during next semester in March 1994.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: CONAM has been making slow progress in privatization activities due to weak institutional capacity.

Corrective Action: For USAID to continue supporting CONAM, USAID will request a detailed workplan for CY 94 which identifies privatization targets. If sufficient progress is not made, the Mission may consider pursuing privatization issues through other means.

2. Issue: At one point, the GOE agreed to program \$280,000 of ESF local currency funds as partial financing for an INCAE campus in Ecuador. However, INCAE's last campus proposal was unacceptable to USAID because it proposed little more than the purchase of an office building to continue INCAE's executive and short-term training programs. Therefore, no ESF funds were made available for this purpose.

Corrective Action: As a practical matter USAID has decided not to finance an INCAE campus in Ecuador. However, the funds will be reprogrammed to alternate uses

within the project, to be determined in the upcoming redesign.

3. Issue: In order to comply with the requirements provided by the guidance on managing local currency resources, performance indicators should be developed to measure the progress of approved activities.

Corrective Action: FISE, CONAM, and Subsecretariats of Credit Public and Treasury of the MOF will be required to present annual workplans for CY 94. These will provide USAID with a mechanism to monitor progress.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Reprogram the local currency generated through the program.
2. Review and approval of individual activities that will be included in the overall reprogramming of local currency generations.
3. Monitor approved activities.
4. Contract audit services.
5. Monitor GOE's stabilization program and the specific areas included in the conditions precedent to the Agreement.
6. Develop performance indicators for local currency activities, including CONAM, FISE and Subsecretariats of Public Credit of Treasury of the MOF.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

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I. BACKGROUND DATA

Project Title: Section 416 (b), Food for Progress and Emergency Food Program
 Project Number: 518-0480
 Date of Authorization: N/A
 Date of Obligation: N/A
 PACD: N/A
 Implementing Agencies: Ministry of Agriculture and Livestock
 Ministry of Finance.

AID Project Officer: Mónica Suquilanda

Date of Last Evaluation: 00-00-00 Next evaluation: 12-31-93
 Date of Last Audit: 12-31-87 Next Audit: 12-31-93

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and resolution Program:	0	Number of such audits contracted for/completed during the reporting period:	0
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FINANCIAL DATA (518-4801)

<u>Source</u>	<u>Date</u>	<u>Sucres Grant</u>	<u>Dollars Grant</u>
Emergency Food Program FY 87	05/87	867,000,000	
Section 416, (b) FY 89	03/89	1,536,817,779	
Food for Progress FY 91	02/91	5,459,680,433	
Total Obligations to Date:		7,863,498,212	

	<u>Cumulative</u>	<u>Reporting Period</u>
Emergency Food Program, FY 87		
Available	2,178,431,463	
Programmed (% of avail.)	1,853,356,488 (85%)	
Disbursed (% of avail.)	1,853,356,488 (85%)	206,003,000 (11%)
Section 416 (b), FY 89		
Available	5,733,918,754	
Programmed (% of avail.)	5,733,918,754 (100%)	
Disbursed (% of avail.)	3,213,242,777 (56%)	434,186,445 (8%)
Food for Progress, FY 91		
Available	10,358,081,822	
Programmed (% of avail.)	10,358,081,822 (100%)	
Disbursed (% of avail.)	1,890,459,336 (18%)	202,613,443 (2%)

II. PROGRAM PURPOSE

The purpose of the Food Aid Program is to provide U.S. surplus commodities to countries suffering from short supply of selected U.S. commodities and which hold potential for commercial development with the U.S.

III. PROJECT DESCRIPTION

1. Local Currency Uses

The Program provides matching funds for 13 activities within four priority

areas: (1) agricultural and natural resources policy reform; (2) natural resource and environmental management; (3) agricultural and environmental education; and (4) small-scale agricultural production and rural processing of fruits, cassava, aquaculture, livestock, and vegetable crops.

Activities are implemented through the following entities:

Public Sector

- Ministry of Agriculture (MAG)
- Agricultural Technical College (Quinindé)
- Central University of Ecuador (Quito)
- Politecnical School of Chimborazo (Province)

Private Sector

- Agricultural Research Foundation (FUNDAGRO)
- Institute for Agricultural Strategies (IDEA)
- CARE
- Cassava Producers Association of Esmeraldas (UAPPY-E)
- Casa Campesina Cayambe
- Environment and Development Foundation (AMDE)
- Partners of the Americas
- The Non-Traditional Export Promotion Project (PROEXANT)
- National Rice Growers Federation (FENARROZ)
- Wilson Popenoe Foundation (Zamorano Scholarships)
- Rural Women's Foundation (FUNDELAM)
- Sierra and Orient Cattlemen's Association (AGSO)
- Los Bancos Cattlemen's Association
- Ecological Scientific Consultation Group (ECOCIENCIA)
- Ecuador Holstein Friesian Association

2. Local Currency Management

Since 1988, the Program has been implemented and monitored through a semi-autonomous technical office, the Secretariat for PL-480 Implementation. The Secretariat is composed of 4 professional and 3 administrative personnel. Policies and procedures are set forth in USAID issued project implementation letters (PILs) and funding decisions are made by a Steering Committee composed of MAG, MOF and USAID representatives.

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

The local currency generated from the sale of these commodities provides funding to support the achievement of SO1, "To increase sustainable economic growth for a broad base of the population," and SO4, "To promote sustainable use of the natural resource base."

Program funding 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 in the rural sector.

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

Support is provided to a limited number of public and private organizations 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 rural micro-enterprise and small-scale agroindustries.

Additional proceeds from the sale of donated commodities provide supplementary local currency to support such bilateral projects as: Agricultural Research, Extension, and Education (0068); Agricultural Sector Reorientation (0051), Nontraditional Agricultural Exports(0019), Sustainable Uses for Biological Resources(0069), and Agricultural Education (0082).

VI. PROGRESS DURING THE REPORTING PERIOD

1. In lieu of USAID approval of a new Agricultural Sector Development Project (0111), the Agricultural Sector Reorientation Project (ASRP-0051) was extended through December 1994, with increased funding targeted directly upon specific policy reforms.
2. An endowment to the National Agricultural Research Institute (INIAP) was approved pending a review of all such endowments by the USAID/RLA and clarification regarding INIAP's administrative autonomy.
3. Programming of funds for the Milk Registry Control Program of the Holstein Friesian Association, the institutional strengthening of the Commission for Lumber and Forestry Management (CDRMADERA), and a MAG Sustainable Use of the Soils program were reviewed by the Commission and additional information requested from the institutions.
4. The National Comptroller's audit of the Program has been scheduled by the GOE for early CY 94.
5. USAID concurred with and provided documentation to USAID/W in support of CARE International's PL-480 Title II Proposal.

Other Activities

1. Policy analysis and dialogue activities under the extended ASRP Project address reforms to liberalize land markets and codify land titling systems, remove remaining legislative and/or unnecessary regulatory impediments to free trade of agricultural products and inputs, drastically reduce state intervention in wholesale and retail price-setting, eliminate

government restrictions upon rural savings and mobilization and credit, and remove legislative constraints which inhibit producer association funding for agricultural research, extension, and training activities.

2. Dwarf lettuce developed in the first phase of the Organic Agricultural Project has now been commercially marketed in Ecuador and the U.S.
3. Almost 100 pesticide residue analyses were conducted on soil, water, and vegetables in various agroexport enterprises under the integrated pest management element of the Phytosanitary and Environmental Impact Project. The San Pablo Lake waters were monitored to determine the organophosphate pesticides level. Twenty workshops were held in pesticide management; 730 individuals attended. Seventeen workshops were held with fruit, flower, and, vegetable agroexport enterprises to increase the awareness among female employees regarding prenatal exposure to pesticides and other agrochemicals.
4. Trout development and fattening stations were initiated in the Technical School Benigno Malo and State University of Bolivar. The units are self-sustaining and disseminate trout production technology for rural micro-enterprise development, as well as train students in the pisciculture techniques.
5. The first seedlings from the Production of Fruit Plants Project were sold in August to introduce perennial fruit production and micro-processing in the Bolivar Province (Guaranda). Seven thousand two hundred peach, 2,000 apple, and 600 prune seedlings were sold. The University of Bolivar provides technical assistance to the 14 strategically located fruit seedling nurseries.
6. The Rural Cheese Small Industries Project provided technical assistance and credit to a new micro-enterprise association of dairy producers to increase their milk processing capacity to 200 liters per day.
7. Follow-on activities are underway for the Emergency Preparedness Project implemented through Partners of the Americas and the Ecuadorian Civil Defense Agency, following conclusion of the initial project in September.
8. The CARE Title II Multi-Year Proposal (MYOP) was approved by the Commission. The three year, \$30 million monetization program, if funded, will support the Social Emergency Fund (FISE) and selected projects with CARE and Catholic Relief Services through local NGOs and PVOs, to support and strengthen matching-grant activities among poor and indigenous groups to offset the short-term impacts of the national economic structural reform program.
9. Since April 1993, the Program has funded a U.S. Plant Quarantine Pre-Inspection specialist (USDA/APHIS) to strengthen Ecuador's phytosanitary and preinspection program in coordination with the Nontraditional

Agricultural Exports Project (0019).

VII. GENDER CONSIDERATIONS

The Food Aid Program has integrated gender considerations into each of the projects it supports. In particular, the Rural Women's Association (FUNDELAM) and the Cassava Producer's Association (UAPPY) focus exclusively on the economic development and benefits provided to women. The remaining projects include the active participation of women.

VIII. EVALUATIONS AND AUDITS

Terms of reference for the Program evaluation are being drafted for the review and approval of the Steering Committee.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: The GOE Comptroller Office has delayed implementation of the Program audit, citing higher priority needs requested by the Executive Branch.

Corrective Actions: The USAID Mission will need to exercise continual pressure upon the GOE Comptroller's office regarding the importance of a Program audit in order to keep its scheduled early CY 94 implementation on schedule.

2. Issue: A continuing downswing of interest rates in the local stock market during the past months has affected Food Aid Program investments. This tendency will continue due to Government economic policy.

Corrective Actions: As PL-480 funds are reprogrammed, new investment mechanisms will be explored and implemented by the Committee.

3. Issue: The Pre-Inspection TA provided through a GOE-funded contract with USDA/APHIS has been severely criticized by official and private sources. Coordination of the TA among implementing agencies has been uneven. The Committee is increasingly confronted with an inability to continue approval of payments to the contract.

Corrective Actions: A meeting among all parties has been scheduled for early FY94 to determine whether or not to continue funding the current TA contract.

F. MAJOR ACTIVITIES OR CORRECTIVE ACTIONS DURING NEXT SIX MONTHS

1. Program the remaining PL-480 funds.

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TERMINATED PROJECTS

Projects:

Fiscal Administration Development (518-0042)

Drug Information and Public Awareness (518-0064)

Environmental Education (518-0079)

LAC Training Initiatives (598-0640)

PROJECT STATUS REPORT
April 1, 1993 - March 31, 1993

A ___ B ___ C ___

I. 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 06-30-93
 Implementing Agencies: Ministry of Finance (MOF), General Direct.Revenues
 Major Contractors: CIAT
 AID Project Officer: Edgar Guillén
 Status of CPs/Covenants: Fully Met

Date of Last Evaluation: 05-15-93 Next evaluation: -0-
 Date of Last Audit: 08-31-91 Next Audit: 00-00-00

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 \$4,502,118
	Loan: original	\$1,000,000	last amend \$1,805,552
Current FY Oblig.:	Grant:	(286,261)	
	Loan:	189,384	
Amount Committed:	Grant - Period:	40,295	
	Cumulative:	\$4,502,118	
	Loan - Period:	6,091	
	Cumulative:	\$1,805,552	
Accrued Expenditures:	Grant:		
	Period - Projected:	\$ -0-	
	Period - Actual:	\$ 40,303	
	Cumulative:	\$4,462,000	
	Period - Next:	\$ -0-	
	Loan:		
	Period - Projected:	\$ -0-	
	Period - Actual:	\$ -0-	
	Cumulative:	\$1,805,552	
	Period - Next:		
Counterpart Contribution:	Planned:		
	Actual:	\$ -0-	
% LOP Elapsed:		100	
% of Total Auth. Oblig. (Grant)		100	
	(Loan)	89	
% of Total Oblig. Exp. (Grant)		94	
	(Loan)	91	
% of Total Auth. Exp. (Grant)		93	
	(Loan)	81	

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			% OF LOP						
	LOP #	PERIOD #	CUM #	NEXT PERIOD #	PERIOD #	CUM #	LOP %							
	M	F	M	F	M	F	M		F					
1. Logframe outputs, including sex disaggregated data, e.g.														
2. Training (persons)* Short Term	2.8	.7	0	0	1.4	.6	0.	.0	0	0	3.3	1.1	119	156

* Figures are presented in thousands.

III. PROJECT DESCRIPTION

This project is designed to strengthen the General Directorate of Revenue's (GDR) collection and administrative abilities. The PACD of July 31, 1992, was extended to June 1993, only for evaluation. Activities under this project include: (1) technical assistance (TA) to the Ministry of Finance (MOF) to implement aspects of the new law; (2) on-the-job training for MOF staff nation wide (including GDR); (3) public education and information dissemination involving the new Tax Reform Law; (4) remodeling of 5 GDR Regional Offices; and (5) procurement of computer supplies.

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

N/A

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

N/A

VI. PROGRESS DURING REPORTING PERIOD

Only the final evaluation took place during the reporting period. Nathan Associates, the IQC firm selected to perform this task, presented the final evaluation report in July 1993. The Mission discussed the evaluation findings and recommendations and decided to share this document with the Interamerican Development Bank (IDB), who is presently sponsoring a similar project for the MOF, and to present a Spanish copy of the report to the GDR.

VII. GENDER CONSIDERATIONS

N/A

VIII. EVALUATIONS AND AUDITS

A final evaluation of the project commenced in May 1993, and was managed by PPD, with the technical support of ETIO. The Project Evaluation summary (PES) is being prepared by PPD.

The final evaluation carried out during the reporting period points out as a general conclusion that "The Project was overly ambitious in coverage and was not very flexible in the face of changing circumstances." However it did manage to make "the GDR more aware of and receptive to the needs for reform. It was also successful in implementing tax collection through the banking system, and the public instruction drive effectively covered a large segment of the taxpayer population." The training program itself was completed successfully from June 1990 to July 1992, and a total of 4,655 GDR employees were trained through 200 courses and seminars. The public relations campaign was successful to the extent that it provided the public with basic instructions and information on the tax reforms, new rates, and filing requirements. The data processing organization received constructive TA during the first 16 months of the project, but the unit was not satisfied with the assistance received during the final year.

The failures resulted from a combination of internal resistance to change within the GDR, a lack of leadership at high levels of the GDR (during phase II the GDR had an interim director for 18 months and the Office of Internal Audits and Control had no Director or Deputy Director for 5 months), highly variable government commitment, deficient TA from the contractor, and a lack of project flexibility in order to adjust to changing circumstances. The lessons learned and the recommendations included in the report will be useful for the GOE, especially in the implementation of the IDB project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

The Mission needs to allocate approximately \$2,000 for translation of the evaluation for delivery of the project evaluation to the MOF.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. PPD will manage the translation of the evaluation report prior to be delivered to

the MOF.

2. The Project Assistant Completion Report (PACR) and the PES will be completed in December 1993.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

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 08-31-93
 Implementing Agencies: Fundación Nuestros Jóvenes (FNJ)
 Major Contractors: N/A
 AID Project Officer: Adriana B. de Páez
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 08-30-90 Next evaluation: N/A
 Date of Last Audit: 09-30-93 Next Audit: N/A
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: N/A
 Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,600,000 last amend \$2,725,000
 Amount Obligated: DA Grant: original \$ 300,000 last amend \$2,540,333
 Current FY Oblig.: Grant: \$ 55,486
 Amount Committed: Grant - Period: \$ 51,657
 Cumulative: \$2,536,504
 Accrued Expenditures: Grant:
 Period - Projected: \$ 121,760
 Period - Actual: \$ 94,327
 Cumulative: \$2,510,043
 Period - Next: \$ - 0 -
 Counterpart
 Contribution: Planned: \$1,273,300
 Actual: \$1,220,100
 % LOP Elapsed: 100
 % of Total Auth. Oblig. (Grant) 93
 % of Total Oblig. Exp. (Grant) 99
 % of Total Auth. Exp. (Grant) 92

* There is no additional information quantified and registered in FNJ books.

II. MAJOR OUTPUTS:

	<u>PLANNED</u>				<u>ACCOMPLISHED</u>				<u>% OF LOP</u>					
	<u>PERIOD</u>		<u>CUM</u>		<u>PERIOD</u>		<u>CUM</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>						
1. Number of persons at information dissem. events *	15	12	2.5	2.5	13.9	13.5	0	0	127	66	142.9	78.2	2953	652
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

The Drug and Public Awareness project (which is in its second phase) has 4 main components: (1) institutional strengthening of the implementing agency, Fundación Nuestros Jóvenes (FNJ); (2) research on drug consumption and the risks of consumption; (3) prevention information dissemination; and (4) legal education.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES (OR OTHER JUSTIFICATION)

- A. Specific linkage to SO: N/A
- B. Percent of LOP funds relating to SO: N/A.

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

The purpose of this project is to significantly increase public awareness about the problem of drugs and drug abuse by increasing understanding of the negative effects of drug production, trafficking and consumption.

The EOPS indicators include: (1) that government institutions articulate clear and coherent strategies relating to the political, economic, financial and social areas which support drug prevention programs; (2) implementation of effective controls which impede the formation of drug trafficking and production networks; (3) a reduction in the rate of growth in the consumption of illegal drugs (as compared to 1988); and (4) anti-drug attitudes, opinions and practices shared by 95% of the population.

A major achievement of the project was the passing in 1990 of a new narcotics law for the country. FNJ played a significant and effective role in the design of the law and in the lobbying at the Congress for its approval. This law has already been applied in one of the most serious cases in drug trafficking. FNJ also reached or surpassed its numerical targets in the Drug Prevention Information and Awareness Component, including Radio Juvenile, Drug Preventive Information, Legal Reform and Publications.

Otherwise, progress has been disappointing. During the third quarter of FY93, Mission management decided to terminate funding for those activities which had reached or surpassed their numerical targets in order to allow FNJ to concentrate on fulfilling the remaining Cooperative Agreement (CA) terms. However, internal FNJ management decisions precipitated a crisis in the organization and caused the Mission to lose faith in FNJ's ability to fulfill the terms of the CA and to terminate the CA for cause.

VI. PROGRESS DURING REPORTING PERIOD

On April 1, 1993, FNJ statutes were finally reformed. With this action, the two most troublesome of the open Development Associates mid-term evaluation recommendations (Recs. 5 & 7, definition of functions and responsibilities of the Executive President and Project Manager, and changing the current practice of having the Executive President and President of the Board of Directors be the same person) were closed.

On May 20, 1993, the President of the Board of Directors resigned from the position and retained the position of Executive Director, thus closing another of the outstanding recommendations. On May 25, 1993, there was a General Assembly in which a new President of the Board of Directors of FNJ was elected. The elected Board established a better communication and relationship with the Mission. Several meetings were held to discuss different pending issues; e.g. compensation plan and the Epidemiological Survey.

On June 21, 1993, the Executive Director informed the Board that she had received an

invitation to study in the U.S. She requested a year's leave of absence, without pay, while retaining her position. The Board refused this request and the Executive Director resigned effective June 30, 1993. Subsequently, the Board named a new Executive Director. Together the new President and Executive Director initiated a series of positive changes in FNJ, directed to improve the financial standing of FNJ and to define a new mandate for the organization more in line with its capabilities.

On August 6, 1993, another General Assembly took place without the full cooperation of the Board of Directors and overturned the hiring of the new Executive Director, and the resignation of the old Executive Director, and appointed the former FNJ Director of Research, as Acting Executive Director. USAID's approval of this key position, CA condition, was never requested.

Finally, on August 9, the entire Board of Directors resigned. Because of the organizational chaos created by these events, USAID decided to terminate the CA for cause effective August 31, 1993.

VII. GENDER CONSIDERATIONS

Both genders enjoyed equal access to FNJ's programs. During the rating period there was no information available as to numbers of people accessing FNJ's programs.

VIII. EVALUATIONS AND AUDITS

FNJ completed all of its outstanding RIG audit recommendations. The last one was called for FNJ's action in purchasing an accounting system to insure better financial controls. Even though this recommendation was satisfied on January 22, 1993, the software has never been used, nor implemented.

On June 27, 1993, Deloitte and Touche was contracted to conduct FNJ's audit for the period January to June 1993. The original time frame for the audit was January through December 1992. Due to the fact that the Executive Director resigned at the end of June, the President of the Board requested that additional months be added in order for the Acting Executive Director and the Board to have a clear picture of the Foundation's financial status upon the Executive Director's resignation.

Deloitte and Touche has experienced several obstacles, problems, and lack of cooperation in conducting the audit. Among the problems: FNJ has figures for expenditures through April only; the accounting records were not ready; the Financial Director went on vacation, thus delaying the process; and all the information requested by the auditors has still not been delivered. Therefore, Deloitte has requested an extension of the completion date in order to collect all the available information and present a draft report. This report is due on October 31, 1993.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: Under this CA and a previous OPG with FNJ, USAID and FNJ purchased a four-story building and some audiovisual equipment. Due to USAID decision to terminate the CA before its PACD, the Contracting Officer requested FNJ to immediately

prepare and submit a convenient Disposal Plan for the goods purchased under the terms of the CA.

Corrective Actions: This plan must demonstrate that FNJ will continue to use the building and goods to fulfill the original goals and purposes of the USAID-FNJ CA. The Mission will analyze the plan in order to determine the next steps, i.e. allowing FNJ to retain the building and equipment, or requesting repayment and return of the equipment. '

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Review and comments on Audit Report.
2. Review on FNJ's proposal for disposition of project purchase goods.
3. Project close out.

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and maintaining a system for collecting, processing and disseminating scientific and technical information.

By the end of the project, components 1 and 5 were eliminated following the recommendation of the Mid-term Evaluation. The evaluation team considered that these two strategies went beyond the planned expectations of EDUNAT III to become an important part of Fundación Natura's activities in general, hence a recommendation was made to integrate these two strategies as core functions of Fundación Natura.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

1. The EDUNAT III project contributed to SO4, "Promote the rational use of the natural resource base", since it promoted the improved management of natural resources through dissemination of information, 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 supported two of the four SO program outputs: policy dialogue, and increased capacity.

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

Project implementation was consistently efficient and did not face major problems.

A survey of the knowledge, attitudes and practices of the general population of Ecuador, regarding environmental problems, was conducted starting in 1990. While in 1984 only 8.8 percent of the population could identify 15 major environmental problems in Ecuador, in 1990, the percentage increased to 18 percent and 37 environmental problems were identified. Likewise, in 1984, only 6 percent of the population was aware that industries produced environmental problems; in 1990, this figure went up to 63 percent. These results indicate how EDUNAT III helped to influence the general public's awareness of environmental problems. However, according to the last progress report continued environmental awareness is still needed for the general public to change its attitudes on how to maintain a healthy environment.

Under the public information strategy, press releases, TV and radio programs were broadcasted in such a way that environmental education was combined with civic education. One outstanding effort was the completion of a radio program package comprising 60 fifteen-minute programs aimed at the general public, which were broadcast by 150 stations nationwide.

Through the Edunat III Project, Fundación Natura participated in the preparation of an Environmental Law that was sent to the Congress. This law was intended to replace previous laws that focussed only specific sectors or that have become obsolete. Final approval of the law is pending because the Congress is considering other priorities.

For the first time in the country, EDUNAT III launched a work program regarding on-site industrial pollution assessments. It began with the publication of a book on potential industrial pollution problems and was supported by seminars to the various industrial sectors, with the collaboration of the Chamber of Industries, IEOS, and the municipalities. The seminars were given in the seven most industrialized provinces and complemented by several publications. EDUNAT tried to design and propose innovative ways to stimulate industrialists' interest in incorporating environmental impact assessments into their activities by identifying environmentally-sound technologies to improve production systems. Financial incentives need to be developed to encourage industries to adopt pollution control measures.

A major achievement of EDUNAT III was the inclusion of Environmental Education in primary and high school curriculum as a result of the EDUNAT III/Ministry of Education Agreement. Due to EDUNAT III efforts, the GOE decided to include Environmental Education among its national education policies. Teaching materials were published and 700 "Ecological Clubs" were organized in high schools for practical environmental education.

VI. PROGRESS DURING REPORTING PERIOD

1. The Final Project Report was prepared and submitted to USAID in August 1993. The Project Assistance Completion Report (PACR) is circulating for clearance.
2. A Plan of Action to continue with selected EDUNAT III activities was developed and a new grant with the OIKOS Foundation was signed on September 24, 1993.

VII. GENDER CONSIDERATIONS

Previous reports have highlighted the important contribution of women to the project and the leadership provided by women to environmental NGOs in general and to Fundación Natura in particular. During the reporting period the policy to encourage women's participation has continued and a large part of the participants are women, especially pre-school and school teachers.

VIII. EVALUATIONS AND AUDITS

1. The last audit was performed for 1992 and no major recommendations were made. Fundación Natura has contracted a financial audit to assess counterpart contribution during the last year and also the cumulative counterpart contribution during the project. According to the audit report funds obtained from other sources largely surpassed the commitment made by the Foundation at the beginning of the project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

None

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Completion of PACR Process.

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PROJECT STATUS REPORT
April 1, 1993 - September 30, 1993

A X B ___ C ___

1. BACKGROUND DATA

Project Title: LAC Training Initiatives 11
 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
 PACO: 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: 07-30-93 Next Audit: N/A

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 3

Number of such audits contracted for/completed during the reporting period: 3

* 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 \$ 450,000.00 last amend \$1,450,000
 Amount Obligated: DA Grant: original \$ 50,000.00 last amend \$1,420,985
 Current FY Oblig: Grant: \$ -0-
 Loan: \$ -0-
 Amount Committed: Cumulative: \$1,420,985.00

 Accrued Expenditures: Grant:
 Period - Projected: \$ - 0 -
 Period - Actual: \$ 2,760.00
 Cumulative: \$1,397,164.00
 Period - Next: \$ -0-

 Counterpart Contribution:
 Planned: \$ 215,000.00
 Actual: \$ 314,394.27
 % LOP Elapsed: 100.00
 % of Total Auth. Oblig. (Grant) 100.00
 % of Total Oblig. Exp. (Grant) 98.32
 % of Total Auth. Exp. (Grant) 96.35

II. MAJOR OUTPUTS:

	PLANNED						ACCOMPLISHED			% OF			
	LOP		PERIOD		CUM		NEXT PERIOD		CUM		LOP		
	M	F	M	F	M	F	M	F	M			F	
1. Training (persons)													
Long term	21	0	0	0	0	0	0	0	0	0	14	14	134
Short term	104	0	0	0	0	0	0	0	0	0	124	31	149

*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/USAID Cooperative Agreement (CA). 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 to the training of disadvantaged segments of the population.

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

- A. Specific linkage to Strategic Objective (SO): N/A
- B. Percent of LOP funds relating to SO: N/A

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

The purpose of the project was to provide training to participants from private and public institutions. The EOPS include: 125 participants were planned under the project for FYs 85-87 (21 academic long-term and 104 technical short-term). Fields of training included agriculture, fruit culture and entomology. With the addition of minimal FY87 resources, a few new fields of training were opened, including liberal arts.

A total of 154 short-term and 1 long-term technical courses were completed, and 28 long-term academic training grants were 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.

The project exceeded its goals.

<u>Status</u>	<u>Targets</u>	<u>Completed</u>	<u>In progress</u>
1. Short-term technical courses	104	154	-
2. Long-term academic program	21	28	-
3. Long-term technical courses	0	1	-

VI. PROGRESS DURING REPORTING PERIOD

The close out process has been completed. As a result, the Controller's Office will issue by mid-late October the corresponding Bill for Collection.

VII. GENDER CONSIDERATIONS

Targets for female participation were not specified in the counterpart agreements under this project, except in the case of the USAID/Fulbright CA. That agreement established a global target of 32%, and under the Fulbright Agreement, women's participation has been 20% short-term and 59% long-term.

VIII. EVALUATIONS AND AUDITS

The financial audit for the period of October 1, 1991, through July 30, 1993, has been carried out and the report will be submitted on or about October 1993. Based on the recommendations, the Controller's Office will be responsible for follow-up.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

N/A.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Prepare the Project Assistance Completion Report (PACR)

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CENTRALLY-FUNDED PROJECTS

936-5518 Coastal Resources Management

LAC-0782-A-00-0047-00 Parks in Peril

598-0780.00 Regional Environmental Support "Tagua
Initiatives"

STRATEGIC OBJECTIVE NO. 4

Project Name: Coastal Resources Management
Project Number: 936-5518
Project Funding: PIO/T No.: 936-5518-3-20052
Grant: LAC-5518-A-00-5054-00
Appropriation: 72-11231021 PO92064
Budget Plan Code: LDN2-92-25518-KG13
Total Estimated Amt.: \$150,000
Total Obligated Amt.: \$150,000*
Counterpart Contrib.: \$1,546,558
Major Contractor: University of Rhode Island
LOP: March 3, 1986 - May 30, 1994
Technical Office: ANRO

* This represents the FY93 USAID/Ecuador contribution, but the total amount of the Mission's contribution to the Coastal Resources Management Project has been \$600,000 since 1986.

PROJECT PURPOSE

The Coastal Resources Management Project (CRMP) is a centrally-funded project whose goal is to contribute to the economic development of LDCs by assisting them to develop and apply better methods of managing their coastal resources on a sustainable basis. This will be accomplished through the development of an integrated system for managing coastal resources. The project is implemented through pilot projects in three countries of which Ecuador was chosen in 1985 as the first pilot country.

MISSION INVOLVEMENT

Approval of annual work plans and monitoring project phase out to start the Interamerican Development Bank (IDB)-funded project. The CRMP requires minimal oversight during implementation.

STRATEGIC OBJECTIVE NO. 4 INDICATORS

- Number of local or regional inter-organizational committees for conflict resolution operating in selected areas.

STRATEGIC OBJECTIVE NO. 4 PROGRAM ACTIVITIES

- Strengthen community organizations, NGOs, and create conditions for local conflict resolution.
- Carry out policy dialogue.
- Develop community projects.

STRATEGIC OBJECTIVE NO. 4 PROGRAM OUTPUTS

- Increase capacity among local community, regional organizations, and environmental NGOs to plan and administer programs, develop policies, and monitor resource and environmental status.
- Change policies to create improved conditions to encourage resource management rather than resource mining.

MAJOR ACCOMPLISHMENTS TO-DATE

- Assistance provided by the CRMP led to the creation of the National Coastal Resources Management Agency in 1989. This agency was changed to an Executive Directorate in 1992, and reports directly to the General Secretariat of Public Administration.
- Special Area Management Zones (SAMZ) were created in 1989 for local communities to identify common coastal resources management problems. Each SAMZ identifies problems and issues in their respective area and organizes activities to resolve them.
- Ranger Corps Units (UCV), were also created in 1989, under the jurisdiction of the port authorities to coordinate and improve monitoring and regulation of coastal resources among common institutions.

CURRENT STATUS INCLUDING MAJOR ISSUES

- No problems were experienced during this reporting period.
- The CRMP received the first Planeta Azul Award, for its "Ecological Merit", sponsored by Quito's largest daily newspaper, "El Comercio", television station Teleamazonas, and the Nature Foundation.
- A new CRM Executive Director was appointed by the GOE.
- Following the pro-active participation of USAID, a \$16 million IDB follow-on project supporting CRM activities was approved and is ready for signature by the GOE.
- Management plans for the five SAMZ were published in May, and will be implemented under the IDB-funded follow-on project.
- By the end of the next semester, USAID funding will have ended.

Recommendation: The Project should fund an analysis of the CRM program in Ecuador to identify the remaining policy reforms required to fortify the rational management of coastal resources.

STRATEGIC OBJECTIVE NO. 4

Project Name: Parks in Peril (PIP)
Project Number: CA No. LAC-0782-A-00-0047-00 "A"
Fiscal Data: The Nature Conservancy \$150,000
AID/W \$150,000
Grantee: The Nature Conservancy (TNC)-AID/W
LOP: September 30, 1990 - March 31, 1993
Technical Office: ANRO

PROJECT PURPOSE

The purpose of this Program is to ensure adequate on-site protection for critically threatened national parks and reserves in Latin America and the Caribbean that have global biological significance. The Ecuadorian parks are Machalilla (Manabi Province) and Podocarpus (Loja and Zamora Chinchipe Provinces).

MISSION INVOLVEMENT

Approval of annual work plans and minimal oversight during project implementation.

STRATEGIC OBJECTIVE NO. 4 INDICATORS

- Change in land cover in and around selected protected areas.
- Stabilization or reduction of area under active encroachment in selected protected areas.

STRATEGIC OBJECTIVE NO. 4 ACTIVITIES

- Train park personnel and strengthen park administration.
- Strengthen participating NGOs.

STRATEGIC OBJECTIVE NO. 4 OUTPUTS

- Stabilization or reduction of area under active encroachment in selected protected areas.
- Increased capacity among local community and environmental NGOs to plan and administer programs, develop policies, and monitor resource and environment status.

MAJOR ACCOMPLISHMENTS TO-DATE

- None.

CURRENT STATUS INCLUDING MAJOR ISSUES

- The Project has suffered major delays. During the reporting period, it became increasingly apparent that the Quito-based Fundación Natura did not have the technical or managerial capacity to implement these distant PIP activities.

Following discussions among TNC, Fundación Natura-Quito, and USAID, it was agreed that Fundación Natura-Quito would be relieved of their field implementation responsibility. Fundación Natura-Guayaquil has taken the lead for Machalilla Park and will submit a revised 1994 Work Plan for Mission approval.

For Podocarpus Park, a Loja based NGO called Fundación Arco Iris and Fundación Maquipucuna will be responsible for implementation. They will submit a revised 1994 Work Plan for USAID approval.

To support this new initiative, TNC will conduct a leadership/management training workshop to assist these NGOs in their provision of improved services to the Natural Park Service and surrounding communities.

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STRATEGIC OBJECTIVE NO. 4

Project Name: Regional Environmental Support "Tagua Initiative"

Project Number: 598-0780.00 "A"

Fiscal Data:

PIO/T No.:	518-0780-3-20093
Grant No.:	518-0780-G-22160
Appropriation:	72-11231021 RCNPO92134
Budget Plan Code:	LDS2-92-25518-KG12
Total Estimated Amt.:	\$150,000
Total Obligated Amt.:	\$150,000

Grantee: Conservation International (CI)

LOP: September 18, 1992 - September 30, 1994

Technical Office: ANRO

PROJECT PURPOSE

The purpose of this Grant is to improve the trade in tagua palm nuts (vegetable ivory) and create economic alternatives to cutting timber in biologically sensitive areas of the tropics. The project utilizes intensive community development and training to build local capacity for sustainable rainforest management. It is being implemented in northwest Ecuador along the Santiago River.

MISSION INVOLVEMENT

Approval of annual work plans and minimal oversight during project implementation.

STRATEGIC OBJECTIVE INDICATORS

- Number of models being tested in communities.
- Number of communities adapting models.
- For each model, number and percent of persons (DGEA) in these communities with income from non-destructive resource use.
- For Ecuadorian environmental NGOs working with USAID projects, capacity to accomplish their mandates and contribute to stemming loss of biodiversity in Ecuador.

STRATEGIC OBJECTIVE NO. 4 PROGRAM ACTIVITIES

- Identify and adapt technologies.
- Strengthen community organizations.

STRATEGIC OBJECTIVE NO. 4 PROGRAM OUTPUTS

- Models to generate income and employment from non-destructive use of resources developed and tested in selected communities.
- Increased capacity among local communities and Ecuadorian NGOs to plan and administer programs, develop policies, and monitor resource and environmental status.

MAJOR ACCOMPLISHMENTS TO-DATE

- Producers' communities organized and provided short courses on Tagua plantation and post-harvest management and improved marketing.
- Assistance in obtaining national and international buyers for the producers output.
- Research trials established to improve cultural practices, explore increased added value to final product, and seek crop associations with other non-timber products that could be cultivated with tagua.
- Increased tagua distribution among factories in Manta and expansion of search for new buyers (e.g. Eurotagua and Manexpo).
- Family groups organized for artisanal production of buttons in the Santiago-Cayapas Community.
- New Board of Directors established in CIDESA and support staff increased.
- Publication of "Marketing Biodiversity Products: The Tagua Initiative".

CURRENT STATUS INCLUDING MAJOR ISSUES

- No issues at this time.

F:\PPD\PZC\SARS\AGR0780

PROJECT DEVELOPMENT AND SUPPORT (PD&S)

PD & S MONTHLY STATUS REPORT

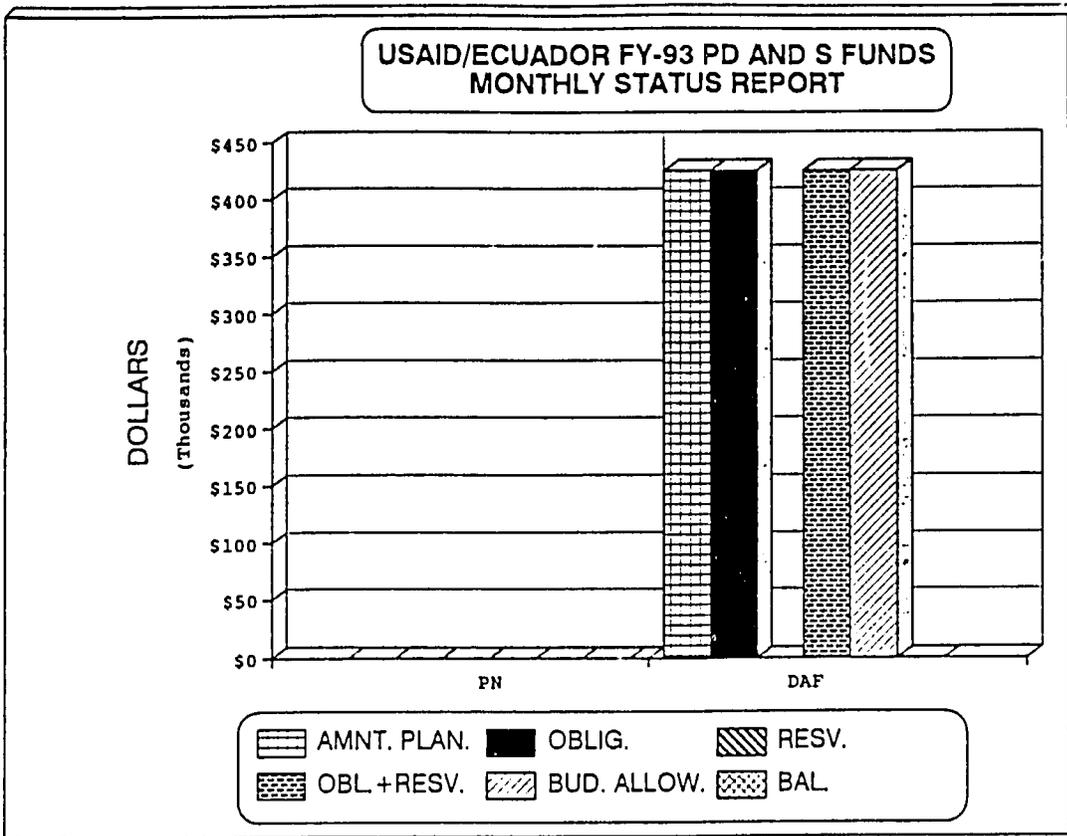
DATE: SEPTEMBER 30, 1993

FY-93 OYB		STATUS REPORT AS OF SEPTEMBER 30, 1993				
PD AND S PN ACCOUNT (518-0000.00)						
PURPOSE	(1) AMOUNT PLANNED	TECHNICAL OFFICE	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(2+3) TOTAL	(4) BUDG. ALLOW TO DATE
1.			0	0	0	
2.						
3.			0	0	0	
4. AMOUNT FOR POSSIBLE RE-PROGRAMING	0		0	0	0	0
TOTALS	0		0	0	0	0
PERCENTAGES						

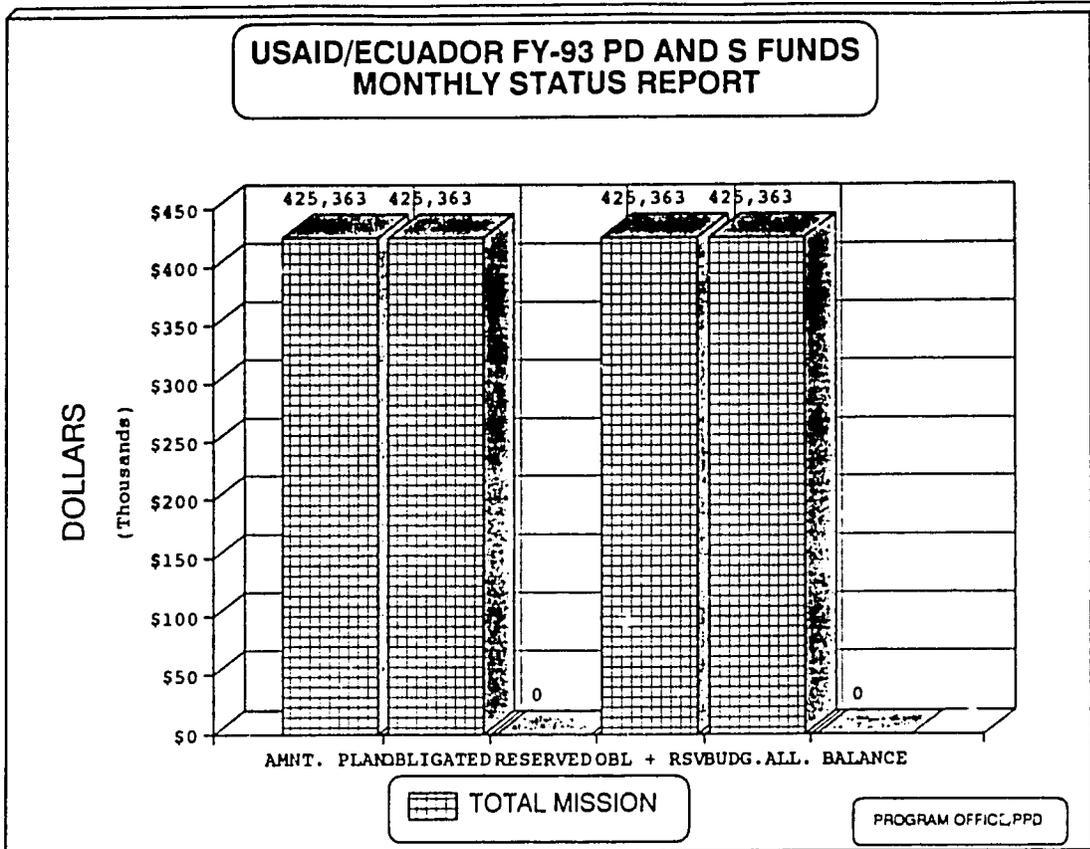
FY-93 OYB		STATUS REPORT AS OF SEPTEMBER 30, 1993				
PD AND S DAF ACCOUNT (518-0000.00)						
PURPOSE	(1) AMOUNT PLANNED	TECHNICAL OFFICE	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(2+3) TOTAL	(4) BUDG. ALLOW TO DATE
1. UNIVERSITY INTERN FOR PPD.	31,988	PPD	31,988	0	31,988	31,988
2. DESIGN OD A DI/AOJ PROJECT	67,384	GDO/EDI	67,384	0	67,384	67,384
3. DEVELOPMENT OF M & E PLANS	0	PPD	0	0	0	0
4. ENVIRONMENTAL IMPACT ASSESSMENT (PROEXANT/WRI)	25,500	ETIO	25,500	0	25,500	25,500
5. AID EMBLEMS	295	PPD	295	0	295	295
6. ASDP II DEVELOPMENT OF PP.	114,799	ANRO	114,799	0	114,799	114,799
7. PRE AWARD SURVEYS FOR PVO's.	12,376	PPD	12,376	0	12,376	12,376
8. SUPPORT PRIVATIZATION OF MUNICIPAL SERVICES.	21,200	RHUDO	21,200	0	21,200	21,200
9. FEDEX EVAL. & TRADE SEMINAR	16,955	ETIO	16,955	0	16,955	16,955
10. PROJECT EVALUATION SUPPORT.	41,823	PPD	41,823	0	41,823	41,823
11. GENESYS STUDY. WID ISSUES.	26,447	PPD	26,447	0	26,447	26,447
12. TEMPORARY OBLIGATION FOR AUDIT FIRMS.	2,500	O/CONT	2,500	0	2,500	2,500
13. LEGAL ADVISER FOR AOJ DESIGN	4,836	RLA	4,836	0	4,836	4,836
14. SOCIAL SAFETY NETWORK STUDY.	40,035	DIR	40,035	0	40,035	40,035
15. MISCELLANEOUS	19,225	DIR	19,225	0	19,225	19,225
TOTALS	425,363		425,363	0	425,363	425,363
PERCENTAGES	100.0%		100.0%	0.0%	100.0%	100.0%

PREPARED:

13-Jan-94



FY-93 OYB		STATUS REPORT AS OF SEPTEMBER 30, 1993				
PD AND S BY FUNCTIONAL ACCOUNT						
PURPOSE	(1) AMOUNT PLANNED	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(4) (2+3) TOTAL	(5) (6-4) BALANCE	(6) BUDG. ALLOW TO DATE
1. PD&S PN 518-0000.	0	0	0	0	0	0
5. PD&S DAF 518-0000	425,363	425,363	0	425,363	0	425,363
TOTALS	425,363	425,363	0	425,363	0	425,363
PERCENTAGES	100.0%	100.0%	0.0%	100.0%	0.0%	100.0%



FY-93 OYB		STATUS REPORT AS OF SEPTEMBER 30, 1993				
PD AND S ACCOUNTS BY TECHNICAL OFFICE						
PURPOSE	(1) AMOUNT PLANNED	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(4) (2+3) TOTAL	(5) (6-4) BALANCE	(6) BUDG. ALLOW TO DATE
1. PD&S ANRO.	114,799	114,799	0	114,799	0	114,799
2. PD&S ETO.	42,455	42,455	0	42,455	0	42,455
3. PD&S GDO/HFP.	0	0	0	0	0	0
4. PD&S GDO/EDI.	67,384	67,384	0	67,384	0	67,384
5. PD&S RHUDO.	21,200	21,200	0	21,200	0	21,200
6. PD&S PPD - O/CONT - RCO - RLA - DIR	160,300	160,300	0	160,300	0	160,300
7. MISCELLANEOUS	19,225	19,225	0	19,225	0	19,225
TOTALS	425,363	425,363	0	406,138	0	425,363
PERCENTAGES	100.0%	100.0%	0.0%	95.5%	0.0%	100.0%