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# USAID/Ecuador

Semi-Annual Report

October 1, 1994 - March 31, 1995

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## **I. MISSION DIRECTOR'S OVERVIEW**

- A. Portfolio Review
- B. Financial Summary Table
- C. Pipeline Analysis Table
- D. Project Status Report Table

MISSION DIRECTOR'S NARRATIVE  
TO BE SIGNED BY DIRECTOR

(Not received as of September 1, 1995)

**B. FINANCIAL SUMMARY OF USAID/ECUADOR PORTFOLIO**  
**OCTOBER 1, 1994 - MARCH 31, 1995**  
**(\$000)**

(1) PROJECT NO.	(2) PROGRAM/ PROJECT TITLE	(3) CATE- GORY	(4) DATE OF INIT. OBLIG.	(5) LAST REVISED PACD	(6) % OF LOP ELAPSED	(7) % OBLIG. EXPEND.	(8) AUTH. LOP AMOUNT	(9) CURRENT FY OBL. TO DATE	(10) CUMUL. AMOUNT OBLIG.	(11) MORTGAGE	(12) BEGINNING FY PIPELINE	(13) PLANNED SEMESTER EXPEND.	(14) ACCRUED SEMESTER EXPEND.	(15) ACCRUED AS % OF PLANNED	(16) CUM ACCRUED EXPEND.	(17) ENDING PIPELINE <sup>2</sup>	(18) PLANNED EXPEND. (NEXT SEM.)
<b>ACTIVE PROJECTS</b>																	
<b>Strategic Objective No. 1</b>																	
518-0004	Special Development Activity	A	01-Oct-85	N/A	N/A	94%	1,709	110	1,709	0	108	42	123	293%	1,015	94	100
518-0051	Agr. Sector Reorientation (G)	A	31-Jul-85	30-Jul-95 <sup>2</sup>	97%	97%	11,655	0	11,654	1	843	326	453	139%	11,263	391	150
518-0051	Agr. Sector Reorientation (L)	A	31-Jul-85	30-Jul-95	97%	100%	1,400	0	1,396	4	0	0	0	N/A	1,396	0	0
518-0078	National Shelter Delivery System	A	10-Sep-87	31-Dec-95	91%	84%	2,100	0	2,071	29	541	70	202	289%	1,732	339	187
518-0082	Agricultural Education II (G)	A	20-Jul-89	31-Dec-97	87%	100%	1,000	0	1,000	0	0	0	0	N/A	1,000	0	0
518-0089	Policy Dialogue Support (G)	A	28-Sep-90	30-Sep-98	56%	73%	11,000	468	5,214	5,786	1,382	565	443	78%	3,807	1,407	780
518-0094	Trade and Investment Project	A	30-Aug-91	30-Sep-97	59%	87%	10,000	(5)	7,977	2,023	1,409	1,297	346	27%	6,920	1,057	0
Subtotal Strategic Objective 1						89%	38,864	573	31,021	7,843	4,283	2,300	1,587	68%	27,733	3,288	1,117
<b>Strategic Objective No. 2</b>																	
518-0071	Child Survival and Health (G)	B	14-Jul-89	31-May-99	58%	75%	18,000	650	12,350	6,650	3,373	1,110	892	80%	9,219	3,131	677
518-0081	Water and Sanitation for Health (G)	B	22-Sep-89	31-Jul-95	94%	84%	4,000	0	4,000	0	915	360	291	81%	3,376	624	167
518-0084	Health and Family Planning II	A	30-Aug-91	30-Sep-97	59%	68%	15,000	57	8,551	6,449	3,665	2,621	963	37%	5,792	2,759	1,121
Subtotal Strategic Objective 2						74%	37,000	707	24,901	12,099	7,953	4,091	2,146	52%	18,387	6,514	1,965
<b>Strategic Objective No. 3</b>																	
518-0091	Ec. Dev. Scholarship Program	A	31-Jul-91	30-Sep-97	71%	75%	6,600	44	4,477	2,123	1,783	622	728	117%	3,378	1,099	532
518-0095	Regional Technical Aid Center II	A	29-Aug-91	24-Sep-96	71%	72%	1,522	0	1,522	0	143	39	(281)	N/A	1,098	424	22
518-0105	Justice Sector Reform	A	24-Sep-93	30-Apr-96	58%	65%	2,000	260	1,280	740	582	380	281	74%	689	581	340
Subtotal Strategic Objective 3						71%	10,122	304	7,259	2,863	2,508	1,041	728	70%	5,175	2,084	894

(1) PROJECT NO.	(2) PROGRAM/ PROJECT TITLE	(3) CATE- GORY	(4) DATE OF INT. OBLIG.	(5) LAST REVISED PACD	(6) % OF LOP ELAPSED	(7) % OBLIG. EXPEND.	(8) AUTH. LOP AMOUNT	(9) CURRENT FY OBL. TO DATE	(10) CUMUL. AMOUNT OBLIG.	(11) MORTGAGE	(12) BEGINNING FY PIPELINE	(13) PLANNED SEMESTER EXPEND.	(14) ACCRUED SEMESTER EXPEND.	(15) ACCRUED AS % OF PLANNED	(16) CUM ACCRUED EXPEND.	(17) ENDING PIPELINE <sup>2</sup>	(18) PLANNED EXPEND. (NEXT SEM.)
<b>Strategic Objective No. 4</b>																	
518-0069	Sustainable Use of Bio. Resources	B	30-Aug-91	15-Sep-98	51%	88%	9,000	48	8,237	2,763	1,987	600	1,174	196%	5,375	862	600
518-0107	Charles Darwin Foundation	B	29-Sep-91	30-Mar-95 <sup>2</sup>	100%	59%	500	0	500	0	260	134	54	40%	294	206	0
518-0117	Environmental Education (OKOS) (G)	A	24-Sep-93	30-Sep-95 <sup>2</sup>	75%	68%	670	70	670	0	375	164	228	139%	453	217	212
936-5559	Industrial Pollution Prevention (EP3)	A	30-Jun-94	30-Jun-97	25%	12%	243	0	243	0	238	145	24	17%	29	214	83
936-5839	Env. Educ. & Commun. (GREENCOM)	A	17-Aug-94	17-Feb-96	41%	100%	133	0	133	0	128	70	128	183%	133	0	58
Subtotal Strategic Objective 4						81%	10,546	118	7,783	2,763	2,988	1,113	1,608	144%	6,284	1,499	963
<b>SUBTOTAL STRATEGIC OBJECTIVES</b>						<b>81%</b>	<b>96,532</b>	<b>1,702</b>	<b>70,964</b>	<b>25,568</b>	<b>17,732</b>	<b>8,845</b>	<b>6,049</b>	<b>71%</b>	<b>67,579</b>	<b>13,396</b>	<b>4,928</b>
<b>TOTAL ACTIVE PROJECTS</b>						<b>81%</b>	<b>96,532</b>	<b>1,702</b>	<b>70,964</b>	<b>25,568</b>	<b>17,732</b>	<b>8,845</b>	<b>6,049</b>	<b>71%</b>	<b>67,579</b>	<b>13,396</b>	<b>4,928</b>
<b>ACTIVE PROGRAM</b>																	
<b>Strategic Objective No. 1</b>																	
518-0116	Eco. Stabilization Program III (G)	A	09-30-92	N/A	N/A	100%	6,200	0	6,200	0	0	0	0	N/A	6,200	0	0
PL-480 Title II		B	N/A	N/A	N/A		3,000	0	2,600	400	0	0	0	N/A	2,600	0	0
<b>TOTAL ACTIVE PROGRAM</b>						<b>100%</b>	<b>9,200</b>	<b>0</b>	<b>8,800</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>	<b>8,800</b>	<b>0</b>	<b>0</b>
<b>TERMINATED PROJECTS</b>																	
518-0019	Non-Traditional Ag. Exports (G)		18-Sep-84	30-Aug-94	100%	100%	7,260	0	7,114	146	0	0	1	N/A	7,110	4	491
518-0019	Non-Traditional Ag. Exports (L)		18-Sep-84	31-Dec-90	100%	100%	7,500	0	7,475	0	0	0	0	N/A	7,475	0	0
518-0067	Andean Peace Scholarship Program (G)	A	30-Sep-87	30-Sep-94	107%	95%	6,878	0	6,520	360	351	3	0	N/A	6,169	351	0
518-0088	Agr. Research/Extension/Education (G)	B	27-May-88	31-Dec-94	104%	100%	7,000	0	7,000	0	17	17	13	76%	6,998	4	0
<b>TOTAL TERMINATED PROJECTS</b>						<b>99%</b>	<b>28,638</b>	<b>0</b>	<b>28,109</b>	<b>806</b>	<b>374</b>	<b>20</b>	<b>14</b>		<b>27,780</b>	<b>889</b>	<b>491</b>

<sup>1</sup> Analysis of this column indicates that the accrued expenditures were substantially underestimated. For example, the pipeline for the following projects is more correctly estimated: 518-0094 @ \$200,000 and 518-0107 @ \$75,000.

<sup>2</sup> PACD to be extended during next reporting period.

**C. PIPELINE ANALYSIS OF USAID/ECUADOR**  
**MARCH 31, 1995**  
**(\$000)**

PROJECT NO.	PROGRAM/PROJECT TITLE	CUM OBLIG	FY OBLIGATIONS							CUM PIPELINE <sup>2</sup>	PIPELINE AGING					
			THRU 1990	1991	1992	1993	1994	1995	THRU 1990		1991	1992	1993	1994	1995	
<b>ACTIVE PROJECTS</b>																
<b>STRATEGIC OBJECTIVE NO. 1</b>																
518-0004	Special Develop. Activ. Authority	1,709	989	116	111	160	223	110	94	0	0	0	0	23	71	
518-0051	Agr. Sector Reorientation (G)	11,654	8,200	875	1,250	1,074	155	0	391	28	1	80	282	0	0	
518-0051	Agr. Sector Reorientation (L)	1,396	1,396	0	0	0	0	0	0	0	0	0	0	0	0	
518-0076	Shelter Section Tech. Assistance (G)	2,071	1,500	0	0	409	162	0	339	75	0	0	164	100	0	
518-0082	Agricultural Education II (G)	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	
518-0089	Policy Dialogue Support (G)	5,214	2,450	350	691	75	1,180	468	1,407	68	0	0	5	866	468	
518-0094	Trade and Investment Project	7,977	0	2,109	4,768	500	600	0	1,056	0	405	388	24	239	0	
<b>STRATEGIC OBJECTIVE NO. 2</b>																
518-0084	Health and Family Planning II	6,551	0	1,385	2,113	2,500	2,498	57	2,759	0	8	1,125	227	1,342	57	
518-0071	Child Survival and Health (G)	12,350	5,895	2,376	2,337	592	500	650	3,131	413	800	253	592	423	650	
518-0081	Water & Sanitation for Health (G)	4,000	1,950	613	270	400	767	0	624	47	46	12	149	370	0	
<b>STRATEGIC OBJECTIVE NO. 3</b>																
518-0091	Ec. Develop. Scholarship Program	4,477	0	702	1,059	1,935	737	44	1,099	0	0	0	318	737	44	
518-0095	Regional Technical AID Center II	1,522	0	238	300	534	450	0	424	0	0	0	8	416	0	
518-0105	Justice Sector Reform	1,280	0	0	0	500	500	260	581	0	0	0	180	121	260	

PROJECT NO.	PROGRAM/ PROJECT TITLE	CUM OBLIG	FY OBLIGATIONS						CUM PIPELINE <sup>2</sup>	PIPELINE AGING					
			THRU 1990	1991	1992	1993	1994	1995		THRU 1990	1991	1992	1993	1994	1995
<b>STRATEGIC OBJECTIVE NO. 4</b>															
518-0069	Sustainable Use of Biolog. Resources	6,237	0	2,986	982	1,318	903	48	882	0	0	155	0	659	48
518-0107	Charles Darwin Foundation	500	0	100	100	300	0	0	208	0	0	43	183	0	0
518-0117	Environmental Educ. & Technology	870	0	0	0	300	300	70	217	0	0	0	21	128	70
938-5559	Industrial Pollution Prevention (EP3)	243	0	0	0	0	243	0	214	0	0	0	0	214	0
938-5839	Environmental Educ. & Communication	133	0	0	0	0	133	0	0	0	0	0	0	0	0
<b>TERMINATED PROJECTS</b>															
518-0019	Non-Traditional Ag. Exports (G)	7,114	6,821	293	0	0	0	0	3	3	0	0	0	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
518-0067	Andean Pease Scholarship Program (G)	6,520	6,520	0	0	0	0	0	351	351	0	0	0	0	0
518-0068	Agril. Research/Extension/Education (G)	7,000	5,658	1,344	0	0	0	0	4	4	0	0	0	0	0
<b>TOTAL</b>		<b>28,072</b>	<b>40,862</b>	<b>12,967</b>	<b>13,981</b>	<b>10,597</b>	<b>9,348</b>	<b>1,707</b>	<b>12,742</b>	<b>888</b>	<b>1,260</b>	<b>2,066</b>	<b>2,182</b>	<b>8,649</b>	<b>1,968</b>
<b>ACTIVE PROGRAM</b>															
518-0118	Economic Stabilization Program III (G)	6,200	0	0	6,200	0	0	0	0	0	0	0	0	0	0
PL 480	Title II	2,600	0	0	0	0	2,600	0	0	0	0	0	0	0	0
<b>TOTAL</b>		<b>8,800</b>	<b>0</b>	<b>0</b>	<b>6,200</b>	<b>0</b>	<b>2,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

y Analysis of this column indicates that the accrued expenditures were substantially underestimated. For example, the pipeline for the following projects is more correctly estimated: 518-0094 @ \$200,000 and 518-0107 @ \$75,000.

### D. PROJECT STATUS REPORT

Country: Ecuador  
Data as of: 03-31-95  
Date Completed: 6-2-95

(1) PROJECT NO. & NAME	(2) DATE OF INITIAL OBLIGATION	(3) PROJECT DESIGNATION (A, B, or C)	(4) STATUS OF CP'S (Cite only if there are as yet unmet CP's older than 18 months)	(5) SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated average annual obligations) (A) (B)	(6) AGE OF PIPELINE (Cite if any obligation remains more than 50% unexpended 4 years after initial obligation)	(7) ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 50% of planned)	(8) UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	(9) EOPS A. (Cite if mission believes there is little chance of achieving EOPS before current PACD)	(10) EOPS B. (Cite if EOPS are being achieved at higher level or faster rate than planned)	(11) AUDIT A. (Cite if financial audit has not been done in last 18 months)	(12) AUDIT B. (Cite if there are unresolved IG recommendations older than 6 months)	(13) EVAL A. (Cite if project has not been evaluated in last 3 years)	(14) EVAL B. (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
<b>STRATEGIC OBJECTIVE 1</b>													
518-0094 Trade and Investment	08-30-91	A		X <sup>1</sup> (X)		X <sup>1</sup> (X)		X					
518-0089 Policy Dialogue & Impl.	09-28-90	A											
518-0076 Shelter Delivery System	09-10-87	A		X (X) X <sup>2</sup>									
518-0004 Special Dev. Activities	10-01-85	A							X				
518-0051 Agr. Sector Reorientation	07-30-85	A		X <sup>2</sup>					X (X) -				
518-0082 Agr. Education II	07-20-89	A											
<b>STRATEGIC OBJECTIVE 2</b>													
518-0084 Health and Family Planning	08-30-91	A	X <sup>1</sup>			X <sup>1</sup>			X (X)				
<b>STRATEGIC OBJECTIVE 3</b>													
518-0095 Reg. Tech. Aid Center II	08-29-91	A											
518-0105 Justice Reform Support	09-24-93	A											
518-0091 Ec. Dev. Scholarship Prog.	07-31-91	A						X <sup>1</sup> (X)					
<b>STRATEGIC OBJECTIVE 4</b>													
518-0117 Environmental Education	09-24-93	A							X				

<sup>1</sup> As noted in Tables B and C, the pipeline for this project is incorrect due to an under-estimation of accrued expenditures.

<sup>2</sup> The Shelter Delivery System Project does not show a "normal" project obligation profile in that the obligations are bunched in FYs 93 and 94, while FYs 91, 92, and 95 had no obligations. Because of this, the base becomes artificially small. Using a two year base of FYs 93 and 94 causes the "X" criteria to disappear.

<sup>3</sup> The PACD for the Ag Sector Reorientation Project is being extended to undertake specific studies in preparation for the 1996 election.

<sup>4</sup> Second disbursement under Non-Project Assistance Component has been delayed. Mission is working with RLA to redefine the Conditions Precedent in line with the recent analysis. The remaining components are on target and extremely successful.

<sup>5</sup> Level of funding was reduced in the face of Mission budgetary constraints.

## II. PROJECT STATUS REPORTS

- A. Strategic Objective No. 1
- B. Strategic Objective No. 2
- C. Strategic Objective No. 3
- D. Strategic Objective No. 4

**SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE 1:**  
**"Increase Sustainable economic growth for a broad base of the population"**  
**October 1, 1994 - March 30, 1995**

**1. Summary Assessment of Overall Performance of the Strategic Objective Portfolio**

Mission projects and programs designed to achieve the two Program Outcomes: (PO 1) Improved Social and Economic Policies, and (PO 2) Expanded Opportunities and Participation by Low-income Groups in a Growing Market Economy-continue to perform well. Program activities are centered upon policy reform and implementation and direct support to marginalized groups, especially low income households, microenterprises and small farmers.

Mission projects contributing to the SO include: Agricultural Sector Reorientation (ASRP:IDEA-0051), Trade and Investment (T&I-0094), Shelter Sector Technical Assistance (SHELTER-0076), Policy Dialogue and Implementation (PDI-0089), Agricultural Education II (AEII-0082), the new PL-480 Title II CARE/FISE/NGO Support Fund, Economic Stabilization and Recovery III (ESR-0116), Special Development Activity Authority (SDAA-0004), and Section 416 (b) Food for Progress (0480). Several of the mission-funded projects listed above will be phased out in early FY 95, and new projects supporting the SO are being developed.

**(PO 1) Improved Social and Economic Policies:** The Mission's primary vehicle for achieving this outcome, the redesigned Policy Dialogue and Implementation project, is off to a good start. The two implementing institutions, the Ecuador Foundation (FE) and the Central American Business Institute (INCAE), complement each other very well. INCAE (an internationally acclaimed think tank/academic institution) works in the area of policy analysis, education and consensus building; while FE (Ecuador's foremost think tank NGO) is playing a proactive advocacy role in working with the Ecuadorian private and public sectors to encourage the adoption of policy decisions. During the SAR period, the Mission signed new Cooperative Agreements with both institutions. In late 1994, a strategic planning and coordination meeting was held between FE and INCAE to better define and implement their respective roles. In March, 1995 the two signed a Memorandum of Understanding to formalize their coordination efforts. Throughout the SAR period FE and INCAE have met and shared information on a regular basis.

Under the new CAs with FE and INCAE, a number of policy initiatives are underway. FE is now engaged in reforming the labor code, public contracting (privatization), economic elements of the constitution, education and targeting of public expenditures. INCAE completed first drafts of a Social Policy Reform Analysis, and a Health Sector Assessment.

In December 1994, the Mission successfully phased out of its ESF LC-funded institutional development of the GOE's privatization and public reform operating unit, National Council of Modernization (CONAM). The GOE and Interamerican Development Bank will continue funding CONAM's operations. Until his departure in January 1995, USAID funded technical advisor provided critical technical

leadership as CONAM implemented the GOE's plan to sell the highly controversial state-owned airline, Ecuatoriana Airlines. The transaction is scheduled to be

consummated during the early months of the next SAR period. The Mission continues to deliver short-term technical assistance to CONAM for the purpose of refining its privatization strategy and public information campaign in response to political opposition which intensified as a result of the early 1995 Ecuador/Peru border conflict. Opponents are advocating that the privatization of state-owned enterprises should be terminated for national security reasons.

Based upon the policy reforms implemented by the Ministry of Agriculture's Policy Sub-Secretariat (created in early 1994 by consolidating the ASRP project's units), the outlook for rice producers remains strong. Passage of the new Agricultural Producer's Association Law in mid-November (strongly advocated by the IDEA Foundation) legalized the formation of such commodity producer associations and the voluntary "check off" of a percentage of sales to support research, extension and marketing activities. For the first time, the actual beneficiaries of these yield increasing investments can systematically pay for the benefits, and thus participate as stakeholders in the definition of priorities. The new law reflects GOE policies to modernize the role of the state, enabling its agencies to become increasingly normative rather than operational.

Analyses provided by the Policy Sub-Secretariat for GOE negotiators have been a key element in obtaining the probable accession of Ecuador to GATT/OMC membership in late May. Negotiations for reducing tariff protection, especially on dairy products, were essential to Ecuador's membership; the reductions were strongly opposed by influential dairy interests, whose productivity is among the lowest in the region.

**(PO 2) Participation by Low Income Groups in a Growing Market Economy:** There were extremely positive developments in the Mission's two activities which provide direct benefits to the poor. Under SDAA over \$100,000 have been approved for new productive activities undertaken by low income groups and a first-time agreement was signed with the Peace Corps to formally involve volunteers in developing activities and providing technical assistance and project monitoring. Under the Social Investment Emergency Fund, with PL-480 Title II funding, 16 projects totalling \$1.8 million have been presented, while 4 projects at \$250,000 have been approved. This is in addition to the \$68 million for 3,522 approved projects with other donor funding mobilized by USAID funding, largely due to USAID seed capital and ongoing technical assistance provided by USAID officers to FISE. Of these projects for the poor, approximately 2,000 (\$40 million) are in implementation or already completed.

The former NTAE-project funded Corporacion PROEXANT received additional support under the T&I Project during the period September - December 1994. In accordance with a business plan (funded under NTAE) for establishment of PROEXANT as a self-sustainable NGO, PROEXANT successfully negotiated funding from other donor-funded consulting contracts as well as PL-480 local currency financial support. By December 1994, NTAE (PROEXANT) directly contributed to the generation of more than \$91 million in total nontraditional exports, more than 35,750 jobs (65% women), and 1600 new producers.

Under the Shelter project, \$1.6 million in eligible mortgages for low income groups were refinanced; private and public sector groups and the Ecuadorian congress have demonstrated political support for direct and transparent transfers to finance housing for the poor; and credit unions have signed commitments for refinancing \$1.2 million.

## 2. Significant Sector Developments and Issues having Positive Impact/Deterrence on Project Contributions to the SO

Ecuador's economic performance was positive as the inflation rate was decreased from 31 percent in 1993 to 25 percent in 1994, despite some slippage in extra-budgetary outlays that occurred during the second semester. The GOE was also considering additional revenue measures in order to comply with its' Stand-by Agreement target in 1995 of an overall fiscal surplus of one half of one percent. Both the World and Interamerican Development Banks recently approved loans that totalled US\$ 600 million dollars. The completion of a Brady-style commercial bank agreement included debt and debt service reduction operations supported by the IMF and development banks, and the US Treasury approved the use of zero-coupon bonds for Ecuador in its debt settlement. The business community had been bullish on economic activity for 1995 and the official projection of real GDP growth of 4.5 percent for the year seemed conservative. The remaining issues which appeared to be managed well by the GOE, included approval in congress of the 1995 Budget proforma, high nominal and real interest rates in the banking system, and major privatization draft legislation,

The three-week frontier conflict with Peru during February is a cloud on economic growth prospects for Ecuador during 1995. When the extra-budgetary outlays associated with the war of about US\$ 360 million dollars were added to the more than programmed public expenditures in the second semester of 1994, the overall fiscal deficit widened to about 2 1/2 percent of GDP compared to the IMF target of a surplus of 1/2 of one percent. In response to this fiscal gap, Congress approved a lump-sum tax on all automobile owners, but this tax effort was insufficient to close the gap. The executive has been pressing Congress to approve draft legislation that eliminates exemptions from the VAT, but the business community has opposed this tax measure. The GOE is now considering alternative revenue measures before completing the second IMF Stand-by review which was suspended after the cease-fire agreement took place.

The impact of the conflict on the banking system was especially severe, as depositors became nervous and withdrew funds which were reported to be about \$200 million dollars. As cash balances were drawn down, short term domestic interest rates suddenly rose to about 180 percent. This sharp increase in rates from about 55 percent were crucial in preventing a depreciation of the sucre/dollar exchange rate as depositors who drew down their demand deposits had an incentive to redeposit them in the banking system instead of obtaining dollars. This situation, reversed the downward trend in interest rates which had accelerated before the conflict. Many business had to refinance payments to banks as cash flow shortages developed from the temporary halt in economic activity. Uncertainty and high interest rates remained until the end of the SAR reporting period. Microenterprises were especially adversely affected by high interest rates and cash shortages and USAID efforts to develop a project were delayed as microenterprise lending institutions focussed their attention exclusively on salvaging deteriorating portfolios.

The GOE's liberal trade policy reforms are coming under increasing attack from

producer sectors and signs of backsliding are becoming apparent. The root causes are twofold: (1) the increasing appreciation of the exchange rate, which is now overvalued by some 20 to 30 per cent; and, (2) the failure to make significant progress on other elements of the sector strategy such as research and technology, human capital, roads, and the alleviation of marketing constraints. As a result, imports have significantly cheapened (total food imports grew by 200% between 1993-94) and local production and marketing costs remain relatively high.

Feeling the pressure of this squeeze, producers are questioning the liberal trade policies and pressuring the government to provide more protection through trade restrictions in an attempt to compensate for the overvalued exchange rate and the lack of progress on domestic support measures that would reduce the relatively high production and marketing costs. As example, the GOE has decided to try to re-negotiate milk tariffs with the US for GATT/OMC membership from the originally agreed upon ceiling of 60 per cent to a level approaching 80 per cent. In the near future, without an adjustment of the exchange rate, continued pressure to renege on trade liberalization can be expected. It may be that the major effort of the MAG policy unit in the near future will be directed towards preventing and/or attenuating policies that attempt to respond to these pressures.

In contrast to the adverse developments described above, Ecuador has become an active participant in the follow-on meetings to the Summit of the Americas (December 1994). Ecuadorian representatives are attending regional meetings on implementation of the Summit of Americas agreements and Ecuador will host the upcoming May implementation. The achievement of the Summit's goal of concluding negotiations on a Free Trade Area of the Americas by 2005, the cornerstone of the Summit Plan for increasing hemispheric prosperity, requires sustained effort throughout the decade. Accordingly, Ecuador will have ministerial representation at the July 1995 Denver Trade and Commerce Forum which is aimed at enhancing the hemispheric flow of information and encourage wider participation in summit implementation. Ecuador is near admission to the newly created World Trade Organization as well as participating in separate trade and investment council meetings between the U.S. and Andean nations.

To support microenterprise development objectives in the Summit Plan of Action, USAID\Washington is inaugurating a USD \$15 million program to assist microenterprises throughout the hemisphere. USAID\Ecuador's USD \$6 million Microenterprise Assistance & Strengthening Project (planned for FY95 authorization) with an expected additional USD \$2 Million from the Global Bureau's Microenterprise Initiative Project's PRIME Fund is aimed at improving access to credit and other financial services by establishing licensed, leveraged financial institutions in Ecuador. Our project activities are fully aligned with the Summit of the Americas' microenterprise developmental objectives.

## 3. Monitoring of Strategic Objectives Indicators

During the SAR reporting period, the Mission has carefully reviewed targets and indicators for SO-1 in order to ensure that the indicators truly reflect achievement of the SO or Program Outcomes. As a result, three SO-1 indicators were added. The new indicators relate to "net income of selected microenterprises in urban and rural areas" and "percentage of selected rural families with increasing household income." The Mission believes that these

indicators will better reflect both the contribution of the program to the SO and improvements in the income to the rural poor. In addition, the Mission added an indicator on improvements in some of the recognized poverty indices (World Bank's Living Standards Measurement Survey-LSMS) to better reflect economic growth for a broad base of the population and Mission social policy reform activities.

During January 1995, the Mission also carried out several focus group activities to directly measure impact on "customers", as related to direct input from such customers. Focus groups included indigenous women who work with their communities as auxiliary nurses and labor union members. Questions put to these groups related to USAID-supported GOE economic reform measures. Dialogue with customers on expected and actual results is also a means of including customers and beneficiaries in the "extended" SO team, described in draft Agency Reengineering directives. Under the guidance of U.S. expertise, the Mission intends to formally conduct focus groups every six months. Focus groups in the future will include ultimate customers USAID activities, such as the borrowers under the Microenterprise project.

#### 4. Recent Developments in Policy Dialogue Related to SO

Since the projects which support the SO are heavily policy reform-oriented, this discussion is naturally centered on policy reform developments supported by USAID.

During the reporting period, INCAE and Fundacion Ecuador have worked together to assist the GOE towards the formulation of a coherent social policy reform agenda. As mentioned above, INCAE has completed a draft social policy reform document which will eventually lead to an agenda for the 1996 presidential elections. Preliminary analyses were undertaken to identify major problems in the education sector, with technical assistance provided under the Global Bureau's EHRTS Project. FE-sponsored technical advisors gained widespread media coverage associated with their work with key private sector and government leaders. That work is broadening the understanding and awareness of complicated issues to be confronted in addressing Ecuador's inefficient, poorly targeted educational system. The technical advisors are focussing the initial effort on collection of accurate statistical data to illustrate budgetary allocations, analysis of recent studies, and preparation of a social marketing plan for Fundacion Ecuador to implement reforms. The study will include identification of the crucial issues to be addressed and appropriate Ecuadorian advocates for educational reform. It is expected that the educational social marketing plan will be implemented during 1995 and 1996.

Other technical advisors are working with Fundacion Ecuador, INCAE and, recently with CEPAR (a health sector think tank) to modernize Ecuador's social security pension and health systems. Technical advisors are also assisting Fundacion Ecuador in the preparation and implementation of advocacy strategies related to constitutional reforms and other major initiatives, e.g., civil registry and the privatization of Ecuatoriana airlines. CONAM states that the winning bidder in the privatization of the civil registry will have to invest USD \$10-15 million over the lifetime of the ten year concession. As reported previously, the Ecuatoriana Airlines privatization process continues to progress. The pre-qualified bidders are scheduled to deliver their business plans to CONAM in late May with selection of the winning bidder to take place shortly thereafter.

Further, the GOE is making progress toward reducing corruption as it undertakes significant fundamental and structural reform in its customs administration. The Government estimates that it lost more than \$300 million in customs collections during the first half of 1994 due to the agency's traditional use of political patronage in selection of "profitable" customs positions. The new Minister of Finance (and CONAM's President) appointed new heads of the customs agency who are regarded as independent and keen on cracking down on customs corruption.

In regards to the energy and communications sectors, the state electricity company (INECEL) announced that it is proceeding with negotiation with U.S. firm for a concessions contract to sell power to INECEL in late 1995. Further, INECEL is advocating approval of the electricity reform legislation, which has languished in Congress since mid-1994. INCAE has developed a case study on EMETEL, Ecuador's telephone company, which will be utilized nationally to build consensus for privatization alternatives.

Fundacion Ecuador is coordinating with CINDE/Panama in the preparation of its "Ecuador XXI Century" economic and social policy agenda to be launched in the next semester. This activity will be closely coordinated with complementary INCAE activities to define those agendas, so that the political debate in the 1996 presidential election process will be productive and the elections will lead to the definition of coherent social and economic policy agendas.

A series of national seminars has been launched by the IDEA Foundation based upon their evaluation of rural financial intermediation. The seminars, attended by a large number of regional banking officials, producers, and local organization leaders, have renewed debate with respect to the policies and regulations which have inhibited the development and expansion of rural credit institutions.

The IDEA Foundation staff also actively participated in the National Rice Producers Association's (FENARROZ) Fourth Annual Congress to obtain input for the regulatory language required for the newly passed Association Law, and to help draft guidelines for managing FENARROZ' soon to be (legally) established "check-off" fund. The association membership is composed primarily of 1500 small and medium producers.

#### 5. Review of Issues and Status of Actions from the Last SAR

Delays in finalizing the World Bank's Information Systems project (SISA) has slowed implementation of the 1995 Agricultural Census and the household rural income data to be obtained therein. The project is now scheduled for signature in early 1996, however, a pre-project disbursement of \$750,000 by the Bank has enabled preparatory work to continue. USAID/E has requested USAID/W approval for an extension of the ASRP for 10 months beyond the July 30 PACD in order to ensure essential technical assistance to "bridge" into the new project.

Final close-out activities related to the AREE project (which ended in December) are underway, following completion of the final evaluation in January. Four productive projects totaling \$255,000 have been approved under the Title II CARE/FISE/NGO program, and an additional 12 projects totaling \$1.5 million have been presented for review. The Partners of the Americas Farmer to Farmer program has approved three proposals for implementation, and a two-day planning conference among participants in the fast-growing Santo Domingo de los Colorados

region is scheduled for early July.

The T&I Project is progressing toward early termination in FY95. Fundacion Ecuador is now a component of the Policy Dialogue and Implementation Project under which FE received a new \$3 million in January 1995. A short-term assistance agreement with PROEXANT under the T&I Project was concluded in December 1994 and the Mission successfully supported the provision of PL-480 local currency to PROEXANT to assist in covering operational expenses in the approximate amount of USD \$450,000.

Fundacion Ecuador's new CA is facilitating the further development of FE as a "think tank" and refining its policy dialogue and advocacy strategies for major social and economic policy reforms. Also, FE is coordinating closely with CONAM with the provision of short-term technical assistance and organizing forums and workshops to facilitate CONAM's public information and educational program regarding modernization of the state/privatization initiatives.

The Mission brought to a smooth and successful closure ESF-funded operational expense coverage at CONAM (December 1994). The long-term technical advisor departed Ecuador (January 1995) in accordance with the provisions of the Mission's contract with Price Waterhouse. The GOE's budget, with additional support from the major donors, is a source for CONAM's institutional development and operational expenses.

#### 6. Major Actions for the Next Six Months

- Extension of the ASRP project beyond the July 30, 1995 PACD to May 30, 1996 to enable the smooth transition of project activities into the World Bank's \$25 million Information Systems (SISA) project.
- Initiation of recently approved G/EG activities to analyze the potential impact of the regulatory language in the new Agrarian Law, and to strengthen local-governance among producer associations in the buffer zones surrounding the country's major ecological reserves.
- Completion of the terms of reference for an analysis of agricultural sector policies which require reform, and the development of a sector policy blueprint (Year 1996-2000) for the new administration.
- Authorization of the Mission's Microenterprise Assistance & Strengthening Project will be authorized in FY95. This USD \$6 million project with an additional FY95\FY96 USD \$2 million OYB transfer from the Global Bureau's Microenterprise Innovation Project (PRIME Fund component) will assist in the establishment of licensed, leveraged financial services institutions aimed at upgrading access to credit and mobilization of savings among Ecuador's 1.2 million microentrepreneurs.
- Completion of the Education Sector Study and Social Marketing Plan with FE-sponsored technical assistance under the Global Bureau projects
- Delivery of short-term technical assistance to CONAM for refinement and implementation of its privatization strategy, public information\education campaign and addressing specific technical issues in coordination with programs funded by the major donors. To fund this the Mission obtained \$250,000 as an OYB transfer from the Global Bureau's Privatization Assistance Development (PAD) Project.

- Completion of INCAE's final draft to the Social Policy Reform document and beginning of networking sessions with Ecuadorian social sector decision makers.
- Conduct INCAE seminars on economic policy reform with Ecuadorian labor leaders.
- Initiate INCAE networking activities to elicit comprehension of the advantages of NAFTA accession for Ecuador.

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**PROJECT STATUS REPORT**  
October 1, 1994 - March 31, 1995

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**I. BACKGROUND DATA**

Project Title: Special Development Activity Authority (SDAA)  
 Project Number: 518-0004  
 Date of Authorization: original 10-01-85  
 Date of Obligation: original 10-01-85  
 PACD: N/A  
 Implementing Agencies: N/A  
 Major Contractors: N/A  
 AID Project Officer: Tatiana Hidalgo  
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 01-15-95 Next evaluation: TBD  
 Date of Last Audit: N/A Next Audit: N/A

**FINANCIAL DATA**

Amount Authorized:	DA Grant: original	\$1,709,286
Amount Obligated:	DA Grant: cumulative	\$1,709,286
Current FY Oblig.:	Grant:	\$ 110,725
Amount Committed:	Grant - Period:	\$ 109,765
	Cumulative:	\$1,709,286
Accrued Expenditures:	Grant:	
	Period - Projected:	\$ 42,000
	Period - Actual:	\$ 122,775
	- Cumulative:	\$1,614,573
	- Period-next:	\$ 100,000
Counterpart Contribution:		
% LOP Elapsed:		N/A
% of Total Auth. Oblig. (Grant)		100
% of Total Oblig. Exp. (Grant)		94
% of Total Auth. Exp. (Grant)		94

**II. MAJOR OUTPUTS:**

Not applicable to this project.

**III. PROJECT DESCRIPTION**

The purpose of the project is to finance small self-help activities aimed at improving the lives of the rural and/or urban poor with financial support that will generally not exceed US\$7,500 per project and that can have an immediate impact and a multiplier effect at the community level.

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

The Special Development Activity Authority (SDAA) Program has been included in Strategic Objective No. 1 (SO 1) because it deals with broadening the base for economic growth. The project was designed to provide quick financial assistance to poor urban and rural communities to promote income generation activities and technical skills training aimed at improving social and economic development among low-income groups.

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

During the reporting period, 20 small-community development projects throughout Ecuador were approved for SDAA assistance in areas such as microenterprise development, agriculture and livestock, artisanry, technical skills training, fishing, etc.

The total of SDAA funds obligated during this period is US\$110,725.72, including additional funding for two SDAA projects approved on FY 94. A total of US\$101,154.72 has been approved for new projects with the following geographical distribution:

1. Sierra	US\$ 50,665.83	50 percent
2. Coast	42,472.42	42 percent
3. Oriente	8,016.47	8 percent
TOTAL	US\$ 101,154.72	100 percent

The project has accomplished its objective of reaching poor disadvantaged groups in Ecuador's urban and rural areas with quick financial assistance and has achieved a positive social and economic impact. It should be noted that during the reporting period, geographical distribution between the Sierra and the Coast has improved significantly. An extra effort has been made to contact NGOs, Counterparts and other institutions to promote the SDAA project in the Coast. The distribution project funding has reached 8 percent in the Oriente Region, which, given the size of the population, is an acceptable population.

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## VI. PROGRESS DURING THE REPORTING PERIOD

During this period the Mission has developed closer collaboration between USAID and the Peace Corps. In the past the Peace Corps Special Project Activity (SPA) was funded through a reduction of USAID/Ecuador's SDAA budget that was transferred to the Peace Corps through an interagency agreement in Washington. After reviewing this funding procedure, both USAID/Ecuador and Peace Corps agreed to initiate a simpler mechanism locally to ensure greater collaboration. In effect, USAID/Ecuador will earmark a minimum of US\$50,000 per annum for USAID's Special Development Activity (SDAA) to finance Peace Corps projects presented to USAID/Ecuador. Thus, local review and approval for funding of Peace Corps SPA projects through the USAID/Ecuador's SDAA program eliminates the need to execute and service very time consuming pass-through interagency agreements in Washington.

As a result of this collaboration, 6 projects presented through Peace Corps were approved by the SDAA Committee.

This new approach takes advantage of Peace Corps Volunteers' presence in the field and will improve the management and utilization of resources by building on the strengths of both USAID/Ecuador and Peace Corps.

Several SDAA projects approved in FYs 94 and 95 were visited during this reporting period and are being successfully implemented. Funds were expended in accordance with USAID/SDAA policy. This assistance was used by beneficiaries to create and improve small microenterprises, as well as to equip workshops which provide technical skills and job related training for community members and students.

Some possible project sites were also visited in order to have a clear vision of what community needs are and to present comments to the SDAA Committee.

20 new projects were approved by the Mission Director, under the SDAA criteria.

The Mission has supported two other initiatives in Salinas de Guaranda given the high-degree of organization at the community level revealed in this town; and, during this reporting period a high-qualified technician from Appropriate Technology International (ATI) visited Salinas de Guaranda and provided technical assistance to FUNORSAL, a small mushroom processing plant, under SDAA financing.

This first visit was very important to evaluate techniques employed by community members to identify, process and commercialize this product.

The ATI Specialist is very interested in this project and is preparing a written report, in Spanish, with important recommendations to improve the project. FUNORSAL is looking forward for his second visit o/a November 1995, to implement such recommendations and to share with him experiences and achievements obtained as a result of his first visit.

## VII. GENDER CONSIDERATIONS

A total of 138,247 people have benefitted from the project; 6,588 directly and 131,659 indirectly. Approximately 40 percent of SDAA direct beneficiaries are women, principally in the areas of microenterprise development, and artisanry; 15 percent

are youths, including disabled persons, who will have access to skills training; and, 45 percent involve adults in the areas of agriculture, fishing, microenterprise, etc. Some of them will create their own microenterprises and most will be gainfully employed in the near future.

## VIII. EVALUATIONS AND AUDITS

An evaluation of the SDAA project was carried out during the last reporting period. The main purpose of this evaluation was to obtain recommendations on how to improve the management of the SDAA Program. Most of the projects visited by the evaluators showed a high-degree of success and proved to be a good investments in human resource development, as well as in the promotion and development of income generating and skills training activities. The project is reaching the poorest of the poor and maintains an equitable geographical distribution among the three regions of Ecuador. The SDAA fund is an alternative for groups who do not have access to other sources of credit or technical assistance.

The following recommendations were provided by the evaluators team:

1. That the SDAA Advisory Committee set some "program development" priorities on an annual basis that could guide the funding of thirty-five to forty percent of the projects.

2. That the SDAA Project Application form be rewritten to obtain more relevant data and to simplify the SDAA process.

3. The projects should be categorized according to their: program emphasis and design, e.g. skills training, employment generation or both.

4. The SDAA Committee should apply some basic economic analysis criteria to project selection and program funding.

5. That the USAID/SDAA staff start building a directory of regional and local community development resource agencies that would become a part of a nationwide "SDAA Program Network".

6. The SDAA Committee should reconsider its policy of spending 100% of its annual allocation for direct project funding and, instead, direct a small proportion of this fund toward training and other activities that would strengthen the overall SDAA program effort in the long run.

7. The SDAA program office should set some money aside to document exemplary projects.

8. That the SDAA Committee consider refunding of the most successful projects for a second and third year.

9. That there be a regional person or agency responsible for monitoring and/or visiting every project funded.

Some of these recommendations are in the process of being implemented by the Program Office. The Mission has established "SDAA Program Networks" in several provinces of Ecuador; projects are constantly visited by the Agency representatives, and a draft SDAA Application form has been written. However, to obtain desired results from the evaluation and to better implement such recommendations, the Mission will require technical assistance from the Evaluation team.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: On several occasions Peace Corps applications have been denied because they are not applicable to the SDAA program objectives.

Corrective actions: The SDAA Committee's criteria will not be limited to income generation and technical skills training activities for Peace Corps projects.

2. Issue: Some SDAA requests are presented from communities or groups who do not have an acceptable degree of community-level organization or any experience on project implementation.

Corrective actions: The Mission has identified SDAA program networks in several provinces that will be in charge of identifying projects in the corresponding area and that will provide technical assistance for groups as needed.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Continue the implementation of the FY 95 SDAA Program.

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

3. Continue to implement recommendations from the Evaluation Team, as appropriate, to improve project management.

(FASAR/PPD0004)

**PROJECT STATUS REPORT**  
October 1, 1994 - March 31, 1995

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**I. 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  
 PACD: original 07-30-90 last amendment 07-30-95  
 Implementing Agencies: Ministry of Agriculture and Livestock (MAG)  
 Institute of Agricultural Strategies (IDEA)  
 Major Contractors: Sigma One Corporation (ended 9/30/93)  
 Agricultural Policy Analysis Project (ended 12/31/94)  
 Long-term Project Coordinator (USPSC)  
 AID Project Manager: Mónica Suquilanda  
 Status of CPs/Covenants: 100% met  
 Date of Last Evaluation: 05-11-92 Next evaluation: 06-01-95  
 Date of Last Audit: 04-15-93 Next Audit: 12-01-94 (IDEA)  
 01-01-95 (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

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

**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 \$11,653,814  
 Loan: original \$ 1,400,000 last amend \$ 1,395,690  
 Current FY Oblig. Grant: \$ 0  
 Loan: \$ 0  
 Amount Committed: Grant - Period: \$ 258,988  
 Cumulative: \$11,546,315  
 Loan - Period: \$ 0  
 Cumulative: \$ 1,395,690  
 Accrued Expenditures: Grant: Period - Projected: \$ 326,521  
 Period - Actual: \$ 453,094  
 Cumulative: \$11,263,316  
 Period - Next: \$ 149,963  
 Loan: Period - Projected: \$ 0  
 Period - Actual: \$ 0  
 Cumulative: \$ 1,395,690  
 Period - Next: \$ 0  
 Counterpart Contribution: Planned: \$ 4,000,000  
 Actual: \$ 3,600,000  
 % LOP Elapsed: 97  
 % of Total Auth. Oblig. (Grant) 100  
 (Loan) 100  
 % of Total Oblig. Exp. (Grant) 97  
 (Loan) 100  
 % of Total Auth. Exp. (Grant) 97  
 (Loan) 100

**II. MAJOR OUTPUTS:**

	PLANNED			ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT		CUM	
				PERIOD	PERIOD		
1. Situational & Outlook Reports	24	6	49	20	60	103	429
2. Decision-Makers Special Studies	40	10	101	15	36	173	432
3. Crop Market News	12	-	-	20	30	69	575
4. Agroclimatic Impact Assessment	8	20	64	20	28	112	1400
5. Institutionalization of Public & Private Project Units	6	0	6	0	0	6	100
6. IDEA Policy Analyses	15	9	31	0	3	55	366

	PLANNED						ACCOMPLISHED						% OF LOP
	LOP		PERIOD		CUM		NEXT PERIOD		PERIOD		CUM		
	M	F	M	F	M	F	M	F	M	F	M	F	
7. Training	10	0	0	8	2	0	0	0	0	0	8	2	100
Long Term (IDEA)													
Short Term	100	14	6	83	37	1	0	18	6	101	43	144	
- Local													14
- International (DR)													6

**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 Ministry of Agriculture (MAG) and the private sector, supported by improved agricultural data and information.

The Agricultural Sector Reorientation Project (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

This project supports Strategic Objective 1 (SO 1): "Increased sustainable economic growth for a broad base of the population," by helping to achieve Program Outcome 1 "Improved economic and social policies."

The project's two components, the MAG Policy Analysis Division, consolidated into the Sub-Secretariat of Policy, and the IDEA Foundation, have addressed policies related to the functioning of land markets, price liberalization, eliminating non-tariff barriers to open-up the economy, and activities to increase knowledge and public awareness of economic and trade issues. IDEA has provided expert technical assistance

for discussion and debate of specific policy concerns and has supported counterpart organizations in the drafting and advocacy of policy legislation.

The ASRP contributes to increasing 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 Subsecretariat of Policy 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.

Although all of the LOP funds for this project are currently designated against SO 1, it is increasingly recognized that a significant portion of the investment in this project simultaneously addresses SO 4: "Promote the sustainable use of natural resources, the conservation of biological diversity, and the control of pollution."

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

The purpose of the project remains a valid statement and the project continues to achieve progress.

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.

The liberal trade policy reforms are coming under increasing attack from producer sectors and signs of backsliding are becoming apparent. The root causes are twofold: (1) the increasing appreciation of the exchange rate, which is now overvalued by some 20 to 30 per cent; and, (2) the failure to make significant progress on other elements of the sector strategy such as research and technology, human capital, roads, and the alleviation of marketing constraints. As a result, imports have significantly cheapened (total food imports grew by 200% between 1993-94) and local production and marketing costs remain relatively high. Feeling the pressure of this squeeze, producers are questioning the liberal trade policies and pressuring the government to provide more protection through trade restrictions in an attempt to compensate for the

overvalued exchange rate and the lack of progress on domestic support measures that would reduce the relatively high production and marketing costs. As example, the GOE has decided to try to re-negotiate milk tariffs with the US for GATT/OMC membership from the originally agreed upon ceiling of 60 per cent to a level approaching 80 per cent. All trade analysis conducted by the policy unit highlights the exchange rate issue for decision makers. In the near future, lacking an adjustment of the exchange rate, continued pressure to stop on trade opening can be expected. It may be that the major effort of the policy unit in the near future will be directed towards preventing and/or attenuating policies that attempt to respond to these pressures.

Along the same lines, IDEA continuously improved and expanded its advocacy role within the public and private sector regarding the regulations for both the Agrarian Development Law and the Agricultural Producers Association Law (Ley de creación de los Fondos de Desarrollo Gremial-Agropecuario), the latter enacted in October 1994. IDEA is also playing an important role towards the passage of the Environmental Law, which is currently debated in Congress. The Presidency significantly changed the Producers

Association Law, through its regulatory language, converting from obligatory to voluntary the membership; this will greatly weaken the chances for success of the associations in the Ecuadorian context.

This potential sources of funding for the IDEA Foundation is now doubtful; IDEA's financial future now appears uncertain in the absence of other client sources for funding.

#### VI. PROGRESS DURING REPORTING PERIOD

##### Ministry of Agriculture (MAG)

1. The PACD of the ASRP was extended through July 1995 to both facilitate a smooth transition of MAG project activities into the follow-on \$25 million World Bank Information Systems (SISA) Project and to allow IDEA to promote and disseminate the studies as well as to continue analyses and dialogue related to the regulations for the Agrarian Development Law and the Agricultural Producers Association Law.
2. Annual planning and budgeting workshop for 1995 ASRP and SISA activities was held, with participation of The National Bureau of Statistics (INEC).
3. Construction of oils-feed grain and rice sub-sector econometric models nearly completed.
4. Developed technical specifications for establishment of a LAN- based communication system among the Policy Subsecretariat's computers.
5. The Agricultural Economics Reference Library continues to increase provision of services to the Ministry personnel as well as the private sector.
6. Signing of the World Bank follow-on project, SISA was delayed from April 1995 to September 1995. However, the World Bank has approved a Project Preparation Facility (PPF) to provide initial start-up funding (\$750,000) between May and December.
7. Completed analysis of the effects of abnormally dry rainfall season on Coastal and Sierra agriculture.

##### Institute of Agricultural Strategies (IDEA)

1. The studies: "Restructuring of the Institute of Agrarian Development (INDA) and the "IDEA's Strategic Plan for 1995-2000" were developed.
2. All studies approved by USAID/Ecuador have been completed and are being reviewed for dissemination during respective seminars.
3. Reports of "overhead cost rate" and "policy dialogue cost" for IDEA were presented and overhead rate will be approved by the RCO after IDEA's audit for calendar year 1994 is completed.

#### OTHER ACTIVITIES DURING THE REPORTING PERIOD

##### Ministry of Agriculture (MAG)

1. Project staff prepared government's Agricultural Sector Proposal for GATT/OMC membership and participated in negotiations in Geneva and Washington, with USTR.
2. Completed IASA report for JUNAC, estimating combined (trade and domestic) support levels for the sector. One general conclusion is that "green light" domestic support measures are currently inconsequential in Ecuadorian agriculture.
3. Completed Policy Analysis Matrix (PAM) analysis of banana and sugar. PAM analysis of corn, soybeans and rice still pending.
4. Completed simulation analysis of protection levels in milk for discussions with milk producers.
5. Completed numerous staff analysis papers for MAG decision makers on issues related to Andean trade negotiations, EU banana policy, milk policy, feed grains, and rice.
6. Completed physical installation of modems in 8 provinces to facilitate transfer of price information directly to central office.

##### Institute of Agricultural Strategies (IDEA)

1. Two executives and two Board members of IDEA visited to the Dominican Republic to observe similar institutions in that country and to replicate successful experiences and plan future collaboration.
2. The matrix for policy monitoring and dialogue has been continuously improved and used as a management tool.
3. The executive summaries of "The Role of Agriculture in Ecuador's Economic Development" and "Development and the Environment Ecuador's Policy Crisis" were completed but only the first was published and distributed. The "Environmental Manual" was also published and distributed among the interested community.
4. IDEA participated in the entire process to achieve passage of the Producers Association Law. IDEA jointly with all producers, mainly with one of the major producers association in Ecuador, FENARROZ (Rice Producers Federation) debated the need of the law as conceived in Congress and in the Presidency. This Law was enacted on November 17, 1994.
5. IDEA collaborated in the organization of the INDA, the new agricultural development institute established for the application the Agricultural Development Law.
7. IDEA participated in the negotiations between the public and the private sector regarding the entrance of Ecuador to the new World Commerce Organization.
8. IDEA was contracted by the UNDP to prepare the Ecuador Country Report on the advances of sustainable development to be presented to the UN Conference on the subject in April.

9. IDEA prepared a proposal for a massive reforestation project with local incentives and international credit, to be presented to the World Bank and other international organizations.

#### VII. GENDER CONSIDERATIONS

Project activities advocate the full participation of women in seminars and long-term and short-term training, wherein 43 percent level of participation has been achieved. Of even greater significance, all of the analyses conducted by IDEA incorporate methodologies to address and measure the impact of policy reforms upon women.

#### VIII. EVALUATIONS AND AUDITS

Since the GOE Controller General's Office was not able to continue auditing the remaining four of the five ASRP activities within the MAG, the Project will contract an external audit.

IDEA will contract an audit CY 1994.

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

##### Ministry of Agriculture (MAG)

1. With the delay in the start-up of the World Bank project, a decision whether to extend the ASRP beyond the 10-year limit to assist in establishing the linkage to the new World Bank project must be made.

##### Institute of Agricultural Strategies (IDEA)

1. One of the main sources of funding for IDEA was expected to be the creation of agricultural producers association "check off" funds. However, subsequent modifications in the Producer Association Law regulatory language may jeopardize the check off of funding to support research, extension and marketing activities. Additional support to IDEA (through PL-480) may be required for several months beyond PACD.

#### X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

##### Ministry of Agriculture.

1. Initial phase of transition to World Bank project funding.
2. Execute annual Coastal Crop Production Survey.
3. Complete and publish studies on impact of liberalization on Coastal agriculture, rice model, and oils-feed grains model.
4. Further refine recent improvements to monthly Commodity Situation and Outlook reports, particularly with respect to the "Topic of the Month" section.
5. Complete installation of hardware and software and provide staff training to operationalize computer network for the ASRP/Policy Subsecretariat.

6. Organize thorough monitoring of rice harvest.
7. Continued staff analysis of sector protection, exchange rate, Andean trade relations, UE banana policy, and GATT/WTO issues.
8. The ASRP Project Management Unit has been assigned the responsibility of managing the World Bank PPF funds and getting the SISA project initiated. Among the activities to be undertaken are: organize the contracting of the U.S. Census Bureau to provide ST/TA to INEC; establish the financial and administrative procedures for the SISA project in INEC and MAG; prepare procurement documentation for computer acquisitions; and prepare documentation for technical assistance to MAG.
9. Prepare request for ASRP extension, beyond 10 year limitation, for approval by the Assistant Administrator.

##### Institute of Agricultural Strategies (IDEA)

1. IDEA will continue insisting in the application of a system to support the small agricultural producers, since the Agricultural Producers Law regulations weakened the likelihood that funding mechanisms to support research will be established.
2. Contract an audit to cover CY 1994, which includes revision of the overhead rate.
3. Continue with dissemination of the completed studies, which was temporarily delayed due to border conflict.
4. Prepare IDEA's Annual Assembly for June, 1995.
5. Develop an implementation plan for all the recommendations made by auditors and present to USAID for approval.
6. Develop a Plan of Action to aggressively find other sources of funding for IDEA. The plan will be based on the "IDEA's Strategic Plan for 1995-2000".
7. Close out the Cooperative Agreement.

(F:ISAR/ANR0051)

**PROJECT STATUS REPORT**  
April 1, 1993 - September 30, 1994

A    B X C   

**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: Kenneth Wiegand  
 Status of CP's/Covenants: N/A

Date of Last Evaluation: 05-01-91 Next evaluation: 12-30-94  
 Date of Last Audit: 01-01-94 Next Audit: 01-15-95

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: 0

**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: \$6,995,563  
 Accrued Expenditures: Grant: Period - Projected: \$ 17,268  
 Period - Actual: \$ 13,070  
 Cumulative: \$6,995,801  
 Period - Next: \$ ---  
 Counterpart Contribution: Planned: \$2,000,000  
 Actual: \$5,258,426  
 % LOP Elapsed: 100  
 % of Total Auth. Oblig. (Grant): 100  
 % of Total Oblig. Exp. (Grant): 100  
 % of Total Auth. Exp. (Grant): 99

**II. MAJOR OUTPUTS:**

	PLANNED			ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT	PERIOD	CUM	
				PERIOD			
1. Research/Extension Links	3	0	3	0	0	3	100
2. Agreements signed: PVOs & Public Inst.	16	0	16	0	0	48	300
3. Inst. Contracts & Univ.	6	1	7	0	1	20	333
4. Workshops	605	3	603	0	2	1081	179
5. Research Activities	200	3	176	0	2	216	108
6. Technology: Validated	22	0	22	0	0	56	255
Demonstrated	25	2	24	0	2	88	352
Adopted	22	0	19	0	0	22	100
7. Studies	15	0	15	0	1	46	307
8. Publications	125	5	125	1	0	238	191
9. Work with Prod. Assoc.	38	1	36	0	0	44	116
10. Other Donor Contrib. (\$'000)							
a. Endowment*	300	5	305	40	20	2863	954
b. Projects	3900	150	2872	300	20	4074	105

**11. Professionals Trained**

	LOP	M	F	M	F	M	F	M	F	M	F	M	F
a. Long Term	7	0	0	3	0	0	0	0	0	4	0	100	0
b. Short Term	228	0	0	134	52	0	0	1	1	147	94	65	82
12. Farmers Trained	9000	400	9100	0	120	10520	117						

(\* ) Includes US\$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

This project supports Strategic Objective 1: "To increase sustainable economic growth for a broad base of the population" and specifically Program Outcome 2: Expanded opportunities and participation by low-income groups in a growing market economy.

The AREE Project contributes to expanded opportunities and participation by low-income (rural) groups 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.

The project also supports SO 4: "To promote the sustainable use of natural resources, the conservation of biological diversity, and the control of pollution." and specifically Program Outcome 2: Improved management of natural resource and biodiversity activities in selected areas, by promoting rural economic growth, thereby reducing the depredation of the natural resource base.

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

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

#### VI. PROGRESS DURING REPORTING PERIOD

1. As reported previously, project funded activities essentially ended (except for evaluation, audit and long-term participant training) due to the acceleration of project implementation, which ended on July 31, five months prior to the PACD.
2. Final evaluation was completed in January 1995.
3. Long term trainee from INIAP will complete PhD in plant breeding and plant genetics at the University of Wisconsin in June 1995. The training is being funded from the Agriculture Sector Reorientation Project from January to June 1995.

#### VII. GENDER CONSIDERATIONS

An overall qualification of the gender impact of the project was highlighted in the final evaluation.

#### VIII. EVALUATIONS AND AUDITS

A data base with all available information was compiled for the final evaluation. Technical reference objectives were established to contract the final evaluation and FUNDAGRO was advised to observe USAID Handbook evaluation regulations and format.

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

As the Project terminated in December 1994, there are not issues or actions.

#### X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. A Project Activity Completion Report (PACR) incorporating the results of the evaluation will be completed.

(F:\SAR\ANR0088)

**PROJECT STATUS REPORT**  
October 1, 1994 - March 30, 1995

A X B \_\_\_ C \_\_\_

**I. BACKGROUND DATA**

Project Title: National Shelter Delivery System  
 Project Number: 518-0076 (Loan 518-HG-007-A01)  
 Date of Authorization: original 08-19-87 last amendment 03-2-93  
 Date of Obligation: original 09-10-87 last amendment 08-31-92  
 PACD: 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-García  
 AID Project Officer: Renán Larrea  
 Status of CPs/Covenants:  
 Date of Last Evaluation: 01-94 Next evaluation: n/a  
 Date of Last Audit: 04-94 Next Audit: 07-95  
 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	\$ 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 \$ 2,071,449
	HG: original	\$ 10,000,000
Current FY Oblig.:	Grant:	\$ -0-
	HG:	\$ -0-
Amount Committed:	Grant - Period:	\$ 75,150
	Cumulative:	\$ 1,825,460
	HG - Period:	\$ -0-
	Cumulative:	\$ 10,000,000
Expenditures:	Grant:	
	Period - Projected:	\$ 69,799
	Period - Actual:	\$ 201,607
	Cumulative:	\$ 1,732,068
	Period - Next:	\$ 186,984
	Loan:	
	Period - Projected:	\$ 2,000,000
	Period - Actual:	\$ 1,550,855
	Cumulative:	\$ 5,766,778
	Period - Next:	\$ 2,000,000
Counterpart Contribution:	Planned:	\$ 10,000,000
	Actual:	\$ 3,742,131.16
% LOP Elapsed:		91
% of Total Auth. Oblig.	(Grant)	99
	(Loan)	29
% of Total Oblig. Exp.	(Grant)	84
	(Loan)	58
% of Total Auth. Exp.	(Grant)	82
	(Loan)	16

**II. MAJOR OUTPUTS:**

% OF	PLANNED		ACCOMPLISHED				LOP
	PERIOD	CUM	PERIOD	PERIOD	CUM	PERIOD	
1. New Construction	13,780		547	3,051			22.1%
2. Home Improvements	10,000		695	1,293			12.9%
3. Urban Upgrading	42,152		5,100	67,349			159.8%
4. Training (persons)			M F	M F	M F		
Long term							
Short term			114 91	783 450			N/A

**III. PROJECT DESCRIPTION**

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

The program's main objectives are: (1) to assist the Government of Ecuador (GOE) in the implementation of economic reforms that promote capital mobilization for housing and related environmental infrastructure; (2) increase the role of the private sector in the financing and construction of housing and environmental infrastructure; and, (3) 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 environmental services.

**IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES**

In the USAID/Ecuador Action Plan for FYs 95 and 96, the National Shelter Delivery System Project was incorporated into Strategic Objectives No. 1 (SO 1) - Achieving Broad-Based Economic Growth; SO 2 - Stabilizing Population Growth and Protecting Human

Health; and, SO 4 - Protecting the Environment.

As part of three of the Mission's SOs, the National Shelter Delivery System Project activities will be continued as part of the Mission's Policy Dialogue and Implementation Project, in FY96.

The National Shelter Delivery System Project contributes to SO 1 - Broad Based Economic Growth - through creating a housing refinancing mechanism which is essential for increasing resources available for low income housing. Additional reforms, including the creation of the Constant Value Unit (UVC) which permits long term lending in an inflationary economy have also contributed to the Broad Based Economic Growth Strategic Objective. The project supports both Program Outcomes in the SO, Improved Economic and Social Policies and Expanded Opportunities and Participation by Low-Income groups in a Growing Market Economy.

The National Shelter Delivery System Project is one of the six projects that supports SO 2, Increased Use, Effectiveness, and Sustainability of Family Planning and Selected Health Services. The project seeks to improve the environmental health of low-income families in urban areas by improving their access to new and upgraded shelter and related environmental infrastructure. Access to services such as clean and affordable water and sanitation as well as adequate shelter is directly related to the quality and sustainability of human health. Moreover, improvements in these services increase the effectiveness of other health interventions.

The project has also been incorporated into the redefined SO 4. Promoting the Sustainable Use of Natural Resources, the Conservation of Biological Diversity, and the Control of Pollution. It supports two of the three Program outcomes, including Improved Environmental Policies and Implementation and Improved Practices for Pollution Control and Urban Environmental Management in Selected Areas. In support of this SO, the project aims to improve the urban environment by working at municipal and national levels to improve solid waste collection and disposal and to reduce pollution caused by poor management of environmental services.

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

##### A. Shelter component.

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

RHUDO/SA efforts led to GOE approval for structuring the Secondary Mortgage Bank. In March 1995, the Superintendency of Banks authorized the formation of the Housing Finance Corporation (CFH). Twenty-three private financial entities sent letters of commitment to assume 63% of the CFH's shares.

The Ecuadorian Housing Bank's (BEV), Housing Refinancing Unit (HRU), has continued to approve refinancing operations with credit unions and savings and loans associations. During the reporting period, the HRU refinanced US\$1,849,050 worth of eligible mortgages. These discounting operations have led to requests for disbursements (no.10 through no.14) for a total of US\$1,550,855 from the program's escrow account. Request for disbursement no.15 for US\$298,195 was also submitted to USAID for approval during the reporting period.

The introduction of a direct, transparent housing transfer system was incorporated into USAID's agenda at the request of the Minister of Urban Development and Housing.

Public and private sector organizations have responded very favorably the housing transfer system which should play a major role in increasing domestic savings for housing, and in making housing affordable to low income families. Many Congressmen and other officials have demonstrated their willingness to support the implementation of housing transfers. During this reporting period USAID technical assistance has enabled the GOE to approve the regulations necessary to implement the system. RHUDO/SA also provided assistance in preparing the Presidential Decree establishing housing transfers in Ecuador in 1995. RHUDO has also met with IDB representatives who are designing a new shelter program regarding policy agenda coordination.

RHUDO/SA continued to assist the newly created Ministry of Urban Development and Housing to assume its leadership role in the housing and environmental infrastructure sectors, including the development of a national housing policy. RHUDO/SA has continued to support the Ministry in its restructuring process so that it can effectively respond to challenges in the housing, urban development, and water and sanitation areas. Policy dialogue and institutional strengthening have been the two main focuses of technical assistance during the reporting period.

The use of the UVC in lending and savings operations continues to be limited. The Ecuadorian financial institutions were severely affected by the liquidity crisis due to the border conflict between Ecuador and Peru. Financial entities suffered from a massive withdrawal of savings, causing interest rates for lending in sucres to climb to more than 100% during the dispute. Interest rates have dropped since the end of the conflict, but they remain higher than pre-conflict levels despite a reduction in inflation. The cost of financial intermediation was an average of 29 percentage points at the end of the reporting period, making borrowing money very expensive. As inflation has fallen to less than 23%, the average interest rate for savings at 26% has become positive. This should begin to increase savings. Despite the liquidity crisis and the high interest rates caused by the border conflict, the program was able to continue refinancing housing portfolios during the reporting period.

##### B. Infrastructure Component

RHUDO/SA dialogue with the Municipality of Machala resulted in the Municipality actively beginning work to improve the solid waste collection and potable water provision services. The Machala City Council approved an ordinance to create privately managed solid waste and potable and sewer agencies.

Technical assistance provided to the Municipality of Machala resulted in a very successful pilot project to collect solid wastes using one person tricycle carts. This project has led to enormous savings for municipal investment in garbage collection and disposal. Previously, 70% of the costs of garbage collection were provided by the Municipality. The technical assistance has enabled the Municipality to reduce their contribution from city revenue to 15% of the cost of garbage collection. Households in the pilot area have been motivated to work to help keep the neighborhoods clean. Previously, garbage was collected daily, and the city was always dirty. Now, garbage is collected three times a week, but under the new system, the city is noticeably cleaner. Representatives from the CAAM have met with RHUDO regarding the lessons learned from Machala and the possibilities of extending this assistance to other cities. RHUDO has prepared a submission for the Environmental Initiative for the Americas to work in three additional municipalities.

### C. Credit Union Activities

Under its Regional Low Cost Shelter Program in Ecuador, RHUDO/SA and the Cooperative Housing Foundation (CHF) have continued to work with Credit Unions in preparing their housing portfolios for refinancing at the HRU. The project has worked closely with the HRU and the credit unions to prepare cash flows and expected disbursement dates. The HRU has made commitments to refinance the portfolios of several credit unions during the next reporting period.

### VI. PROGRESS DURING REPORTING PERIOD

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

#### A. Shelter Component

RHUDO/SA has continued assisting the GOE in creating a self-sustaining housing finance system, encouraging private sector involvement, and strengthening the Ministry of Urban Development and Housing's policy-making and planning capabilities.

1. US\$1,550,855 in mortgage refinancings were submitted to USAID in this reporting period.
2. The Ecuadorian Superintendency of Banks authorized the creation of the Secondary Mortgage Bank which will begin to operate with the financial support of 23 private financial entities and the GOE. Sixty-three percent of the shares are expected to be held by the private sector while 37% will be owned by the GOE. International private sector financial institutions such as the Corporación Andina de Fomento (CAF) and the International Finance Corporation (IFC) have also expressed interest in investing in the Housing Finance Corporation. Nineteen of the 23 private sector financial institutions have nominated their legal representatives to represent them at the CFH. This demonstrates the private sector's interest in complying with their commitments to capitalize the CFH.
3. The regulations for operating the new housing transfer system were developed and approved. The GOE, with USAID support, is currently preparing the Presidential decree establishing this system. USAID sponsored a trip to Chile for representatives from the press, the Chambers of Construction, Congressional leaders, and the Minister of Urban Development and Housing who saw the successful operation of a housing transfer system first hand. A prominent local journalist prepared a television program on the success of the housing transfer program in Chile and the press has discussed the application of such a system in Ecuador.
4. RHUDO/SA provided TA to the Ministry of Urban Development and Housing to help define its institutional roles and responsibilities and to strengthen its policy-making and planning capabilities, enabling the ministry to develop a long-term vision for the urban sector. The Minister has continued to implement USAID recommendations for structuring the Ministry, resulting in a more modernized, efficient Ministry.
5. In response to a request by the Guayaquil Chamber of Construction, RHUDO/SA sponsored presentations by Alberto Etcheagaray on the Chilean housing policy - the most successful model in Latin America of incorporating the private sector in low income housing finance. Mr. Etcheagaray was the Chilean Housing and Urban Development Minister who designed the system. The Ecuadorian private sector was

very interested in Mr. Etcheagaray's experience and in learning about the Chilean system and what policies would be required for implementing such a system in Ecuador.

#### B. Infrastructure Component

1. RHUDO/SA has continued to support the Ministry of Urban Development and Housing to organize the Subsecretariat for Environmental Sanitation.
2. RHUDO/SA worked closely with Machala's Municipal Government to improve its provision of urban and sanitation services. Due to RHUDO/SA's efforts the Municipality of Machala approved ordinances establishing the legal basis for creating a solid waste management company and a water and sewerage agency. These two agencies are committed to providing services on a self-sustaining basis. A draft action plan to create the Solid Waste Agency was prepared and has been submitted to the Mayor.
3. RHUDO/SA and the Municipality conducted a solid waste collection pilot project using tricycle carts. The pilot project has received a very positive response from the city and the low income neighborhoods in which it was enacted. Based on the success, the Municipality of Machala has decided to replicate the program throughout the city. The draft action plan for creating the Waste Management Agency includes the Mayor's decision to privatize the tricycle cart program. This project component is being complemented by a social marketing campaign organized by GreenCom.

#### C. Credit Union Activities

1. During the reporting period, credit unions refinanced 956 housing loans for a total of US\$1,125,970. This represents 72.6% of the total refinanced by the HRU this reporting period.
2. 15 Credit Unions received technical assistance in the management of portfolios in Constant Value Units (UVCs), including: qualifying eligible portfolios, developing accounting systems in UVCs, and determining program profitability.
3. CHF trained and managed the work of six Peace Corps Volunteers who provide assistance to participating credit unions.
4. Regionally, CHF and RHUDO/SA provided housing program evaluations in Bolivia, Colombia, and Ecuador for PLAN International's South American Regional Office as part of the development of a Regional Housing Policy for PLAN International. PLAN invests \$9 million per year in housing in South America.
5. Training under the National Shelter Delivery System project has included a USAID sponsored trip to Chile for representatives from the press, the Chambers of Construction, Congressional leaders, and the Minister of Urban Development and Housing who studied firsthand the successful operation of a housing transfer system. Training has also been provided on a continuing basis to credit unions and housing cooperatives by the Cooperative Housing Foundation in conjunction with four Peace Corps volunteers.

Training was also provided to various private sector organizations. For example, in response to a request by the Guayaquil Chamber of Construction, RHUDO/SA sponsored presentations by Alberto Etcheagaray on the Chilean housing policy - the most successful model in Latin America of incorporating

the private sector in low income housing finance.

## VII. GENDER CONSIDERATIONS

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

However, the new housing transfer program will favor women heads of household by providing them with additional points in the qualification criteria.

Various non-project activities carried out during the reporting period support this program and have had a positive effect on gender consideration issues. For example:

As part of RHUDO/SA's "Women and Local Development in Latin America Program" RHUDO/SA selected and invited five Ecuadorian women to the International Planning Seminar "Local Government, Sustainable Development and Gender" in Cochabamba, Bolivia. These women are high-level NGO representatives from CEPLAES, HBITierra (local NGOs) city of Cuenca, ALDHU-Ecuador (Asociacion Ecuatoriana de Derechos Humanos), and AME (Asociation of Ecuadorian Municipalities). By participating in this event, these professionals enriched their capacity to work on issues of women and local government in Ecuador and were provided with useful networking opportunities. In addition, they now can participate in the Andean Working Group, thus ensuring the inclusion of Ecuadorian municipalities in the selection process for the program's projects on gender equity.

## VIII. EVALUATIONS AND AUDITS

The Superintendency of Banks is currently conducting a financial audit of the Financial Fund for Housing (FFH) for calendar year 1994.

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

### A. Shelter Component

1. Issue: Although the BEV's Housing Refinancing Unit provided refinancing to Credit Unions and S&Ls totaling US\$1,849,050, during the reporting period, mobilization of HG funds from the program's escrow account is still slow. Events have directly affected the HRU's expected ability to disburse at least the remaining US\$4.0 million in escrow this calendar year. The December resignation of Jorge Arteta, the HRU's General Manager has significantly reduced the HRU's ability to operate; the position remains vacant. Several credit unions are resisting additional guaranty requirements that the BEV has instituted to refinance portfolios. Although USAID has met with the BEV's Executive Committee members several times, these issues have not been resolved and continue to affect the use of funds.

Corrective Actions: RHUDO/SA will continue meeting with the BEV and the Cooperative Housing Foundation will continue to work with the credit unions. USAID has been working to establish the CFH which will soon begin functioning. When the CFH is functional, USAID will transfer the remaining authorized funds from the HRU to the CFH. This is consistent with RHUDO's long-term strategy for setting up a sustainable housing finance system.

1. Issue: Due to the Superintendency of Banks' approval to establish the Housing Finance Corporation (CFH), a new contracting under the HG authorization is required so the CFH can initiate its operations. If the BEV's HRU does not use the balance in

the program's escrow account, a new contracting would not be authorized. This could bring the program to a standstill. Moreover, participation of the GOE in the formation of the CFH needs to be renegotiated with the new Ministry of Finance authorities. These two issues need to be discussed before amending the Program Implementation Agreement to make the CFH the new Program Implementing Agency.

Corrective Actions: Mission support is needed to discuss these issues with the new Ministry of Finance authorities. Basic agreements regarding the use of funds from escrow, the second contracting, the GOE's share of the CFH's capitalization, and the transfer of the Implementing Agency are needed. A letter to be sent to the Urban Development and Housing Minister outlining the USAID position on these issues is currently being prepared. RHUDO/SA will begin to work on the Fourth Amendment to the Implementation Agreement

## X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

### A. Shelter Component

RHUDO/SA plans to concentrate its efforts on establishing the CFH, on continuing TA to the Ministry of Urban Development and Housing to design and implement a national water and sanitation policy, on transferring the Program Implementing Agency from the BEV to the CFH, and on implementing the housing transfer system.

Objectives for the next semester include:

1. Continue refinancing operations to private sector financial intermediaries through the BEV's HRU.
2. Authorize at least \$2.0 million in disbursements from escrow account to the program implementing agency (HRU), to enable the HRU to finance increasing rediscount demand.
3. Establish and Housing Finance Corporation with private sector funds.
4. Support implementation for the Ecuadorian Housing Transfer System.

### B. Environmental Infrastructure Component

Planned activities under the environmental infrastructure component include:

1. Continue TA to the Municipality of Machala for the institutionalization of sound Water and Sanitation and Waste Collection management agencies.
2. Conduct brief assessments in at least 5 secondary cities on the financial management of potable water and sanitation services. This activity will serve to prepare an on-site training in cost recovery, tariff implementation and sound financial management.
3. Review how tariffs are presently set in Ecuador and establish parameters to guide the setting and collecting of tariffs based on cost recovery.
4. Develop alternative organizational models for water companies.
5. Hold 3 seminars for 1) medium-sized cities on the coast, 2) medium-sized cities in the sierra, and 3) small urban centers on the national environmental sanitation policies, to present the work on tariffs and organizational models

described above and to analyze case studies of efficient water and sewerage companies.

6. Evaluate the needs of national environmental monitoring labs in Ecuador, particularly those dealing with water quality.
7. Improve the management of water and sewerage companies in selected Ecuadorian cities through providing on-site training in selected Ecuadorian cities. Training will focus on budgeting, setting and collecting tariffs, cost-accounting, and instituting contractual agreements.
8. Upon approval of EIA proposal, expand on lessons-learned from Machala by working in three other municipalities.

C. Credit Union Component

Activities planned under this component include:

1. Promote the program to an additional five credit unions during this reporting period.
2. Develop and promote a UVC accounting system for the credit unions to use to manage their portfolios.
3. Promote the inclusion of credit unions in the refinancing operations to be undertaken by the Housing Finance Corporation (CFH) under special terms.
4. Continue to work with the Peace Corps volunteers in the housing program.
5. Hold a housing policy seminar for PLAN International in Ecuador in May to build sustainability in PLAN's shelter programs.

(F:\SAR\RHU0078)

**PROJECT STATUS REPORT**  
October 1, 1994 - March 31, 1995

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  
 PACD: original 07-20-94 amended to 12-31-97  
 Implementing Agencies: Fundación Privada Wilson Popenoe  
 Major Contractors: Escuela Agrícola Panamericana "El Zamorano" (EAP)  
 AID Project Officer: Fausto Maldonado (acting)  
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 00-00-00 Next evaluation: 00-00-00  
 Date of Last Audit: 12-31-93 Next Audit: 12-31-94

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

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

% LOP Elapsed: 67  
 % of Total Auth. Oblig. (Grant) 100  
 % of Total Oblig. Exp. (Grant) 100  
 % of Total Auth. Exp. (Grant) 100

**II. MAJOR OUTPUTS:**

	PLANNED				ACCOMPLISHED							
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP					
	M & F	M & F	M & F	M & F	M & F	M & F	M & F					
1. Training (persons*)												
Long Term	190	69	0	0	233	213	37	11	157	26	82	37

(\*) 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 (WPF) 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 project supports the new Strategic Objective 1 (SO 1) "To increase sustainable economic growth for a broad base of the population," particularly to the Program Outcome 2 "Expanded Opportunities and participation by low-income groups in a growing market economy". Ecuadorian students currently enrolled at the EAP, sponsored by WPF, belong to consisting's low-income families, and have found an opportunity to receive formal education and training for the benefit of the country upon their return, with the application of new agricultural technology for diversified and growing market economy.

**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. With the income derived from the debt swap, the WPF will continue with the recruitment, selection and award of new scholarships, through December 1997.

**VI. PROGRESS DURING REPORTING PERIOD**

The Fundación Wilson Popenoe continued carrying out their programmed activities during the reporting period.

A total of 48 scholarships were granted in January 1995: 37 for men and 11 for women.

VII. GENDER CONSIDERATIONS

Women's participation in the training program continue to increase as the promotional campaign stresses women applicants.

VIII. EVALUATIONS AND AUDITS

Yearly audits are contemplated in the agreement to be paid with funds derived from the debt swap. In March 1995, Mission received the audit report for CY 1994 and no major observations have been made.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

No issues have been identified.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

The Project will be amended to terminate at an earlier date. ANRO/PPD will prepare the Action Memorandum and PIO/T for this purpose.

(F:\SAR\ANR0082)

**PROJECT STATUS REPORT**  
April 1, 1994 - September 30, 1994

A X B C

**I. BACKGROUND DATA**

Project Title: Policy Dialogue and Implementation Support  
 Project Number: 518-0089  
 Date of Authorization: original 09-20-90 last amendment 08-26-94  
 Date of Obligation: original 09-28-90 last amendment 09-09-93  
 PACD: original 09-30-94 amended to 09-30-98  
 Implementing Agencies: INCAE, Fundación Ecuador, Others  
 Major Contractors: None  
 AID Project Officer: Patricio Maldonado  
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 10/93 Next evaluation: 08/96  
 Date of Last Audit: 08-31-93 Next Audit: 08-31-94  
 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**

Amount Authorized:	DA Grant: original	\$2,800,000	last amend	\$11,000,000
Amount Obligated:	DA Grant: original	\$2,800,000	last amend	\$ 5,214,440
Current FY Oblig.:	Grant:	\$ 468,000		
Amount Committed:	Grant - Period:	\$ 468,000		
	Cumulative:	\$4,983,171		
Accrued Expenditures:	Grant:			
	Period - Projected:	\$ 565,000		
	Period - Actual:	\$ 443,211		
	Cumulative:	\$3,807,367		
	Period - Next:	\$ 780,000		
Counterpart Contribution:	Planned:	\$ 365,000		
	Actual:	\$ 511,593	(03-31-93)	
% LOP Elapsed:				56
% of Total Auth. Oblig. (Grant)				47
% of Total Oblig. Exp. (Grant)				73
% of Total Auth. Exp. (Grant)				35

**II. MAJOR OUTPUTS:**

	PLANNED			ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	
<b>(1) INCAE Policy Changes</b>							
No. Seminars/Events	60	10	10	10	6	6	10
Major Publications	4	0	0	1	0	0	0
<b>(2) FE POLICY CHANGES - Areas of Reform</b>							
Social Reforms (7 areas)	100%	0	0	24%	0	0	0
Microent. & Property (3 areas)	100%	0	0	23%	0	0	0
Economic Reforms (3 areas)	100%	0	0	30%	0	0	0

**(3) TECHNICAL SUPPORT**

**(4) TRAINING - Number of Seminar and Workshop Participants**

	PLANNED				ACCOMPLISHED				% OF LOP				
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM							
	M	F	M	F	M	F	M	F	M	F			
<b>PHASE I</b>													
Component 1	490	490	120	20	980	0	0	153	43	1590	373	324	76
Component 2	228	227	50	10	855	0	0	95	35	346	108	151	48
Component 3	267	268	20	5	471	0	0	45	25	382	107	143	40
Component 4	200	200	40	10	400	0	0	80	35	408	131	204	66
<b>PHASE II</b>													
INCAE	900	300	170	30	200	160	40	100	20	100	20	11	7
FE	1000	600	0	0	0	250	150	0	0	0	0	0	0

**III. PROJECT DESCRIPTION**

The purpose of the Project is to strengthen the Ecuadorian capacity to formulate and implement improved social, democratic and economic policy reforms. The project has four components as follows: A Cooperative Agreement with INCAE; a Cooperative Agreement with Fundación Ecuador; a Technical Support component to be managed by USAID/Ecuador; a Training Component that will be directly linked to the proposed

Training for Development Project; and, an un-funded Support for Local NGO component. All Project components will address the following policy areas, in priority order: 1) Social Policy Reform, aimed at the development and initial implementation of a coherent social policy reform agenda, including education, health, nutrition, social security, housing, municipal development and decentralization; 2) Democratic Reform, aimed at the achievement of Ecuadorian consensus on measures and strategies for strengthening the democratic process; and, 3) Economic Reform, to consolidate progress in implementing major privatization and in helping Ecuador prepare its policy and legal framework for accession to NAFTA or other hemispheric open trade arrangements.

#### IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

This project, as amended, supports Strategic Objectives No. 1 (SO 1): "Increase Sustainable Economic Growth for a Broad Base of Population."; No. 2 (SO 2): "Increased Use, Effectiveness and Sustainability of Family Planning and Selected Health Services"; and, No. 3 (SO 3): "Improved Responsiveness of Selected Democratic Institutions with Greater Citizen Participation". Policy dialogue at the social, macroeconomic and sectoral levels, technical assistance, training and support to local NGOs directly contribute to an improved framework for significant social reform, improved democratic processes and broad based economic growth.

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

As explained during the previous SAR period the Project has undergone significant redesign aimed at furthering the success of this and other policy dialogue Project level activities. In November, 1994, a strategic planning and coordination meeting was held between FE and INCAE to better define and implement their respective roles under the Policy Dialogue and Implementation Project. The meeting served as the basis for the drafting and the signing, in March, 1995, of a Memorandum of Understanding (MOU) between FE and INCAE. The MOU establishes the scope, purpose, areas and mechanisms for FE/INCAE coordination to further the objectives of the Project. As a result, FE and INCAE have begun their coordination effort and are now participating in joint meetings and sharing information on a regular basis, particularly in the areas of social and economic policy reform. Their individual institutional efforts and expertise directly complement each other. While INCAE works in the area of policy analysis and consensus building amongst the different actors in Ecuadorian society, FE is playing a proactive advocacy role in working with the Ecuadorian private and public sectors to encourage the adoption of policy decisions. The training activities that are being undertaken by INCAE and FE are directed toward promoting the discussion of, and raising awareness about needed economic and social policy reforms that Ecuador should adopt in order to achieve broad-based, sustainable economic growth as well as to improve efficiency and achieve sustainability in the delivery of social services to the poorest segment of the population. These training activities are directly conducive to the attainment of critical outputs under the Project in the areas of decentralization, municipal development, education sector reform, health sector reform, privatization, property rights, NAFTA accession, etc. This is the first SAR under Phase II of the Project. While initial efforts by FE and INCAE are highly encouraging, the Mission will need to continue to exercise close monitoring and follow-up in order to insure that both FE and INCAE maintain and strengthen their coordination efforts and remain on target in terms of pursuing and achieving their respective agendas and producing the critical outputs established under their respective Cooperative Agreements.

#### VI. PROGRESS DURING THE REPORTING PERIOD

1. An independent pre-award survey of FE was completed prior to negotiating a new Cooperative Agreement under the Policy Dialogue and Implementation Project. The survey results were positive. Also, an independent assessment of the programmatic performance and institutional development of FE was completed. The results were extremely positive and demonstrated that FE is a maturing organization that is making a highly successful and visible contribution to Ecuador's social and economic development.
2. In December, 1994 FE delivered a proposal for a new \$ 3.0 million CA for its participation in Phase II of the Policy Dialogue and Implementation Project, including activities for the period 1995-1998. In January, 1995, the proposal was approved by USAID and a new CA was signed between FE and USAID.
3. In March, 1995, FE and INCAE signed an MOU which lays out the objectives, scope, areas and mechanisms for FE/INCAE coordination under the Project.
4. FE is advocating the following reforms: public works contracting and concessions, social policy agenda, microenterprise development, decentralization, and deregulation. Policy reform initiatives include: labor code, public contracting, constitutional reform, education policy reform, and allocation of public expenditures by identifying beneficiaries.
5. FE policy dialogue activities involved organizing 17 seminars covering subjects such as: the education reform LASER presentation, telecommunications reform utilizing the Venezuela and Argentina models, decentralization, GOE's Social Front Conference, a forum with USAID/LAC's Assistant Administrator concerning education reform and other social policy reforms and international experiences, plus other seminars were directed at examining alternatives to financing the GOE's budget (UVC System, capital market), title issuance as well as modernization of the state. Approximately 1000 persons attended the seminars.
6. INCAE completed the first draft of a Social Policy Reform Paper. The paper was discussed in an open forum with USAID, FE and CEPAR, and specific suggestions for improvements were made. INCAE is now working in completing the final draft of the document. Such final draft will be used in networking sessions with the GOE and the private sector and will serve as the basis for the preparation by INCAE of a social policy reform agenda ("Para Combatir la Pobreza en el Ecuador - Prioridades y Medidas a Tomar") to be published as a book in mid 1996.
7. INCAE completed the first draft of the Health Sector Assessment Paper which is now being discussed with USAID, the GOE and the private health sector.
8. INCAE continued work in the development of case studies, and more specifically the EMETEL case, to be used in their consensus-building efforts in the areas of privatization and modernization of the State.
9. Under Component III of its CA with USAID, INCAE has continued to work with the Superintendency of Banks and the private banking community in the areas of capital markets and financial sector reform and strengthening.
10. INCAE completed negotiations with the AFL/CIO for the implementation of

special seminars targetted to labor leaders. Selection of participants is now underway and the first seminar has been scheduled for June, 1995.

11. 90 Ecuadorian journalists, congressmen, labor and private sector leaders participated in six networking and training events in Managua, Quito and Guayaquil.

#### VII. GENDER CONSIDERATIONS

Participation of women has been maintained at 24 percent during this reporting period. INCAE, as well as Fundación Ecuador in the future, will continue its efforts to involve women as participants in its seminars and training programs to ensure a more representative gender participation. For example, FE is seeking to increase opportunities for female employment through the contracting of specialized TA.

#### VIII. EVALUATION AND AUDITS

The next external evaluation will be carried out in September 1996, at which time it is expected that there will be sufficient progress under all components of the redesigned and amended Policy Dialogue and Implementation Project to measure actual progress in achieving the project purpose and the critical outputs under each component. Annual audits will continue to be carried out as required by USAID regulations.

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

1. Issue: A Mission decision is needed pertaining to the amount of funding to be allocated to FE from the Policy Dialogue and Implementation Project Technical Support Component. This funding will assist FE to fully implement its work plan.

Corrective Actions: USAID/Ecuador will inform FE as to the amount of funds available after the Mission receives USAID/W's final OYB decision. Simultaneously, the Mission is supporting FE's proposal to the GOE's Ministry of Finance to obtain ESF local currency to fund a portion of FE's 1995 operating budget.

2. Issue: FE needs to aggressively implement its self-sustainability plan to attract funding from other donors and the private sector in support of FE's policy reform advocacy program.

Corrective Actions: Mission staff is monitoring FE progress with other donors and receipt of counterpart contributions. TA will be provided to assist FE senior management in preparation of a business plan to assure establishment of FE as a self-sustainable "think-tank"-type institution.

3. Issue: FE's technical personnel have been offered employment opportunities at other NGOs and international agencies. USAID/Ecuador's project salary policies are not competitive in the local market.

Corrective Actions: USAID/Ecuador should analyze this problem and propose a solution in light of new policy guidance from USAID/W, and may issue a new Mission policy. A possible solution is to reduce FE staff in order to identify funds that could be allocated to salary increases for technical staff.

4. Issue: The INCAE/PROGRESEC In-Country Project Manager has resigned. His resignation is expected to be effective in June, 1995. INCAE is moving very slowly in recruiting a suitable replacement, a fact which could seriously affect the day-to-day dialogue and interaction between INCAE and USAID/Ecuador.

Corrective Actions: The USAID/Ecuador Project Manager has requested INCAE to move ahead with the recruitment and selection process and to come up with a short list of candidates no later than the end of May, 1995. USAID will retain final approval of the candidate selected by INCAE.

5. Issue: Progress by INCAE under Component II of its CA with USAID/Ecuador, Democratic Strengthening, has been negligible.

Corrective Actions: USAID/Ecuador has requested INCAE to develop a comprehensive plan for the implementation of Component II of the CA. Such plan will be presented and discussed during the second quarterly Project Committee meeting to take place on June 22, 1995.

#### X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

##### A. FUNDACION ECUADOR

1. Carry out a 1994 Audit.
2. Mission staff will collaborate with with FE to implement the new CA under the Policy Dialogue and Implementation Project.
3. Monitor FE self-sustainability plan and M&E System.
4. Supervise institutional strengthening TA.
5. Assist FE to define major economic and social reform agendas in anticipation of Presidential elections and a new GOE Administration coming to Office in 1996.
6. Monitor FE microenterprise policy reform program in coordination with Mission's Microenterprise Assistance & Strengthening (MAS) Project.

7. Complete Crisis in Education Study

##### B. INCAE

1. Complete the final draft of the Social Policy Reform Paper and start networking sessions with social actors in Ecuador.
2. Conduct the first seminar for Ecuadorian labor leaders in coordination with the AFL/CIO.
3. Present a detailed work plan to implement Component II of the CA with USAID/Ecuador, Democratic Strengthening.
4. In coordination with FE, define INCAE's role in the area of education sector policy reform.
5. Initiate networking activities to explain the advantages to Ecuador of NAFTA

accession.

(F:\SAR\PPD0089)

**PROJECT STATUS REPORT**  
October 1, 1994 - March 31, 1995

A X B \_\_\_ 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: 04-01-95 IESC  
 09-30-93 FE

Date of Last Audit: 12-30-92 FEDX Next Audit: 12-31-94 FE-IESC  
 12-30-93 FE Next Audit: 12-31-94 FEDX

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  
 Amount Obligated: DA Grant: original \$ 2,109,000 last amend \$7,976,508  
 Current FY Oblig.: Grant: \$ (5,102)  
 Amount Committed: Grant - Period: \$ (5,102)  
 Cumulative: \$ 7,976,508

Accrued Expenditures: Grant:  
 Period - Projected: \$ 1,297,153  
 Period - Actual: \$ 346,500  
 Cumulative: \$ 6,919,514  
 Period - Next: FXP  
 FE

Counterpart Contribution: Planned: \$ 400,000 FXP  
 +980,000 FE=1,144,900  
 Actual: \$ 300,000 FXP  
 +600,000 FE= 900,000

% LOP Elapsed: 59  
 % of Total Auth. Oblig. (Grant) 80  
 % of Total Oblig. Exp. (Grant) 87  
 % of Total Auth. Exp. (Grant) 69

**II. MAJOR OUTPUTS:**

	PLANNED			ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	
1. Logframe Outputs							
- Increase Investments (FE)	\$ 5M			05 0 0 1	20%		
- Increase export earnings(FXP)	\$24M*			618 0 204	350	1458	-
Increase in employment (65% women)(FXP)	7,000	1000	6000	0	11,790	28,175	402
* per year							

	PLANNED						ACCOMPLISHED						
	PERIOD		CUM		NEXT PERIOD		PERIOD		CUM				
	M	F	M	F	M	F	M	F	M	F			
2. Training (persons)													
Short term FXP	0	0	0	0	0	0	0	0	0	0	1418	510	
	250	150	250	150	100	50	927	566	2593	1350			
	250	150	250	150	100	50	927	566	4011	1860			

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

**III. PROJECT DESCRIPTION**

The Clinton Administration and U.S. Congress promulgated Section 547 of P.L. 1023-87 which imposed restrictions on USAID financial support for export and investment promotion. In accordance with USAID/Washington guidance, USAID/Ecuador began a phase-out of the T&I project in FY94 which will be completed in FY95.

The project goal has been 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 was scheduled to be implemented over a period of four years with a total LOP funding level of US\$13,778,000 comprised of dollar-appropriated funding totalling US\$10,000,000 (73 percent) and estimated counterpart contributions of US\$3,778,000 (27 percent).

#### 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.

FE and USAID/Ecuador developed a plan that led to a termination of FE's investment promotion program in January 1995. However, FE's social and economic policy reform initiatives (specifically, the "Ecuador XXI Century " initiative in anticipation of the 1996 Presidential Election) necessitated that USAID/Ecuador extend FE's CA through September 30, 1995.

#### International Executive Service Corps (IESC)

The CA with IESC terminated December 31, 1994. The purpose of the August 1991 CA was to promote export and investment expansion and to provide export and investment technical assistance (TA) 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. IESC is now operating under a subagreement with FE to provide TA services in support of FE's social and economic policy reform agenda.

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

The T&I Project contributes to the new Strategic Objective No.1 (SO 1) "Increase sustainable growth for a broad base of the population", particularly to the new Program Output 2 "expanded opportunities and participation by low-income groups in a growing market economy". T&I Project's FEDEXPOR component and its CA were terminated on September 30, 1994. For contractual reasons, an extension to December 31, 1994 has been authorized for the sole purpose of permitting delivery and payment of products procured prior to September 30, 1994.

To continue supporting the successful Non-Traditional Agricultural Exports activities of PROEXANT (formerly under the NTAE Project No. 518-0019 which terminated August 30, 1994), USAID/Ecuador authorized the T&I Project to provide institutional development support to PROEXANT through December 31, 1994 upon which date support was terminated. By December 1994, the project had generated 35,750 new jobs (65% for women) thus exceeding the original project target of 14,000. Total NTAE exports were approximately US\$91 million (project goal was US\$71 million) with six new crops exceeding US\$2 million per year in export sales.

FE continues to develop as a "think tank" with its role aimed at the social policy

reform process. FE's activities are focused on defining a social policy reform agenda. FE activities include: seminars, drafting reform laws, preparing diagnostic studies, sponsoring overseas travel for policy and opinion leaders, and contracting internationally recognized policy analysts to assist the GOE. FE's most important strength, policy dialogue and advocacy, has contributed to responding effectively to GOE's needs regarding social policy reform. Well known experts such as: Tarsicio Castañeda, Antonio Sancho, Gustavo Arcia, Fernando Reimers, among others, visited Ecuador for the purpose of providing timely technical assistance in the formulation of the GOE's Social Policy Reform Agenda.

FE was a key player in advocating: passage of a new public contracting law; constitutional reform; labor reform; education reform; and, allocation of public funds. FE provided TA to the Congress to establish a framework for constitutional reform, a public contracting law and education policy reform. It provided assistance in the preparation of President Sixto Duran Ballen's proposal to reform the Constitution plus it conducted seminars and conferences advocating the aforementioned initiatives. FE continues acting as an umbrella organization by coordinating policy reform activities with the private sector and the public sector.

IESC contributes to SO 1 (in addition to its support to FE's policy reform agenda) by assisting the private sector with technical assistance and market information to individual firms to improve production, develop other products, expand sales in Ecuador and in international markets, and to upgrade skills of senior, middle and lower management.

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

##### FEDEXPOR

As reported in the preceding SAR, FEDEXPOR's CA was brought to a successful conclusion on September 30, 1994. FEDEXPOR has undertaken important steps towards self-sustainability and is taking support from other donors, like the IDB.

##### FUNDACION ECUADOR

In November, a strategic planning and coordination meeting was held between FE and INCAE (both are project counterparts under the Policy Dialogue and Implementation Project). Based on strategic planning concepts, FE management and technical staff have reoriented FE's mission to a social policy agenda, microenterprise development and institutional strengthening. FE by providing specific short-term technical assistance, by formulating policy dialogue and by implementing policy advocacy is contributing to implementation of policy reform in the economic and social sectors.

FE is playing a proactive role by encouraging the GOE to adopt policy decisions involving allocation of public funds, modernization of the state and privatization. FE has developed a system to measure its overall contribution to the policy reform process.

##### IESC

IESC's CA was brought to a smooth and orderly conclusion on December 31, 1994. Thus, in accordance with USAID/Washington policy directions, the IESC-FE subagreement that involved investment promotion activities terminated.

## PRIVATIZATION

The Price Waterhouse long-term international technical advisor (to GOE's National Council for the Modernization of the State (CONAM) and to the GOE agencies involved in privatization activities) provided assistance in transactions and institutional development of CONAM. In January 1995, this assignment was brought to a successful conclusion. During this period, the advisor played a key role in transactions (CEMENTOS CHIMBORAZO and ECUATORIANA DE AVIACION) as well as in the formulation and refinement of CONAM's privatization strategy. The Price Waterhouse contract is being extended to May 31, 1995 to permit the delivery of short-term TA to CONAM to assist in the formulation of a strategy and public information campaign in response to increasing political opposition to privatization as a result of the early 1995 border conflict between Ecuador and Peru.

FE coordinates with CONAM as it expands Ecuador's general knowledge about modernization/privatization concepts and initiatives by conducting workshops with policy and opinion leaders, and by sponsoring seminars/conferences to upgrade public information and awareness.

## VI. PROGRESS DURING REPORTING PERIOD

### FUNDACION ECUADOR

1. USAID/Ecuador and FE CA extension to September 30, 1995 is in process. This extension authorizes FE to complete its "Ecuador XXI Century" economic and social policies agenda initiative in anticipation of the 1996 Presidential Election.

2. An independent pre-award survey of FE was completed prior to negotiating another cooperative agreement under the Policy Dialogue and Implementation Project. The survey results were positive. Also, an independent assessment of the programmatic performance and institutional development of FE was completed. The results were extremely positive and demonstrate that FE is a maturing organization that is making a highly successful and visible contribution to Ecuador's social and economic development in accordance with USAID/Ecuador's strategic objective.

3. USAID/Ecuador and FE continue to upgrade FE as a "think tank" aimed at policy dialogue and policy advocacy of social reforms.

4. In December 1994 FE delivered a proposal for a new US\$3 million CA with its plan of activities for the period 1995 to 1998. In January 1995, the agreement was approved under USAID/Ecuador's Policy Dialogue and Implementation Project.

5. FE is advocating the following reforms: public works contracting and concessions, social policy agenda, microenterprise development, decentralization, and deregulation. Policy reform initiatives include: labor code, public contracting, constitutional reform, education policy reform, and allocation of public expenditures by identifying beneficiaries.

6. FE policy dialogue activities involved organizing 17 seminars covering subjects such as: the education reform LASER presentation, telecommunications reform utilizing the Venezuela and Argentina models, decentralization, GOE's Social Front Conference, a forum with USAID/LAC's Administrator concerning education reform and other social policy reforms and international experiences, plus other seminars were directed at examining alternatives to financing the GOE's budget (UVC System, capital markets), title issuance as well as modernization of the state. Approximately 1000 persons attended the seminars.

7. A study was contracted with LEXIS which supports deregulation of foreign investment, international trade, and intellectual property rights. The Ministers of Industry and Finance and the CONAM's President are supporting implementation of the study's recommendations in discussions with Ecuador's President.

8. Regarding reform of the public contracting/procurement law, FE presented its final report to the Congress in early 1995 and FE is advocating implementation of the report's recommendations.

9. FE's response to constitutional reform and provision of TA to President Sixto Duran Ballen and his administration was highly successful. Congress is negotiating constitutional reform with the President.

10. Fundación Ecuador signed a subgrant with FEDEXPOR to carry out activities related to a new Exports Law. The termination date was January 31, 1995, however an extension to complete the drafting, discussion and presentation to the Executive Branch is foreseen.

### IESC

The IESC CA terminated December 31, 1994. IESC is now supported by FE through the provision of office space and administrative support.

### PRIVATIZATION/CAPITAL MARKETS DEVELOPMENT

1. In spite of strong political opposition against the privatization of ECUATORIANA Airlines, the Price Waterhouse advisor to CONAM made a major contribution to the transaction process. The transaction is managed in an open and transparent manner.

2. PW's long-term advisor departed Ecuador in January 1995. His technical assistance to the Ecuadorian Social Security Institute (IESS) senior management in assessing IESE's investment portfolio for the purpose of selling companies such as HOTEL QUITO, CEMENTOS GUAPAN, Ingenio YANCEM, and ESTRUCTURAS METALICAS was successful in presenting the requisite information for GOE decision-making. However, the GOE continues to move slowly in implementing the advisor's recommendations.

3. CONAM's senior management is making major progress in its institutional development. Due to the recent border conflict between Ecuador and Peru there is intensified opposition to privatization by advocating termination of the program for national security reasons. Consequently, CONAM is seeking TA to refine its modernization and privatization strategy and expand its public information campaign. Major international donors are providing significant financial resources to the GOE program.

4. The Interamerican Development Bank (IDB), World Bank (WB), and the Andean Financial Corporation (CAF) are providing TA to CONAM's strategic agenda focused on: telecommunications, energy, ports, and transportation sectors.

5. FE's provision of technical assistance for capital market law implementation terminated in September 1994. IDB is initiating a capital market development program as a follow-on to USAID/Ecuador-FE support.

### PROEXANT

Institutional development continued to progress with a reorganization and downsizing plan implemented. PROEXANT successfully obtained new business revenue through contracts with the private sector and consulting contracts financed by the donor

community. In early April, a new president and board of directors were installed. The new leadership is focussing PROEXANT's financial and staff resources on assuring institutional self-sustainability while maintaining PROEXANT's NTAE developmental objectives. T&I Project financial support to PROEXANT was brought to a smooth conclusion on December 31, 1994. PROEXANT presented a proposal to the PL-480 for financing one-year operation costs. The proposal has been approved by the committee, which clearly shows a graduation of PROEXANT to other sources of funding.

## VII. GENDER CONSIDERATIONS

### FEDEXPOR

The FEDEXPOR component was concluded on September 30, 1994.

### FUNDACION ECUADOR/IESC

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

### PROEXANT

PROEXANT extensively promotes female participation in all of its activities, e.g., training programs, seminars, conferences, field trips, etc. Special emphasis is given to a health and family program. This program focusses on educating female workers, particularly in flower production, to prevent diseases caused by the misuse of pesticides. PROEXANT trains workers in family planning methods. Women continue to represent 65% of the total increase in employment. T&I Project support to PROEXANT concluded on December 31, 1994.

## VIII. EVALUATIONS AND AUDITS

### FEDEXPOR

FEDEXPOR contracted with Deloitte Touche for a final audit report covering the period January - December, 1994. The report is due in June 1995.

### FUNDACION ECUADOR

The 1993 audit report was completed in November 1994. Carana Corporation/Danny Cruz de Paula completed an assessment of the cooperative agreement between USAID/Ecuador and Fundacion Ecuador in October 1994. The findings were very positive and states that FE is developing as a highly influential private sector-led policy advocacy institution.

### IESC

An independent audit which will be undertaken during the next semester.

### PROEXANT

Based upon completion of prior evaluations, USAID/Ecuador has determined that a final evaluation is not required. A NTAE Project Completion Report is being prepared by the Mission for completion in June 1995.

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

### FEDEXPOR

No issues have been identified.

### FUNDACION ECUADOR

1. Issue: The FE CA was extended to September 30, 1995. Nearly all of the planned activities for 1994 were implemented successfully. However, the Ecuador XXI Century policy reform agenda for the next government (1996-2000) requires additional time for implementation.

Corrective Actions: USAID/Ecuador and FE will review actual budget and planned expenditures through early 1995 to reallocate funds to cover the Ecuador XXI Century (CINDE contract) activity. Mission staff is monitoring FE's negotiation process which will be concluded in May 1995.

2. Issue: A Mission decision is needed pertaining to the amount of funding to be allocated to FE from the Policy Dialogue and Implementation Project Technical Support Component. This funding will assist FE to fully implement its work plan.

Corrective Actions: USAID/Ecuador will inform FE as to the amount of funds available after the Mission receives USAID/W's final OYB decision. Simultaneously, the Mission is supporting FE's proposal to the GOE's Ministry of Finance to obtain ESF local currency to fund a portion of FE's 1995 operating budget.

3. Issue: FE needs to aggressively implement its self-sustainability plan to attract funding from other donors and the private sector in support of FE's policy reform advocacy program.

Corrective Actions: Mission staff is monitoring FE progress with other donors and receipt of counterpart contributions. TA will be provided to assist FE senior management in preparation of a business plan to assure establishment of FE as a self-sustainable "think-tank"-type institution.

4. Issue: FE's technical personnel have been offered employment opportunities at other NGOs and international agencies. USAID/Ecuador's project salary policies are not competitive in the local market.

Corrective Actions: USAID/Ecuador should analyze this problem and propose a solution in light of new policy guidance from AID/W, and may issue a new Mission policy. A possible solution is to reduce FE staff in order to identify funds that could be allocated to salary increases for technical staff.

### IESC and PROEXANT

No issues have been identified.

#### PRIVATIZATION/CAPITAL MARKET DEVELOPMENT

1. Issue: PW's contract extension to May 31, 1995 was delayed due to Mission disallowances associated with the long-term advisor's assignment in Ecuador.

Corrective Actions: USAID RCO staff will negotiate with PW to facilitate approval of the contract extension.

2. Issue: CONAM has requested TA for refinement of its privatization strategy and public information campaign as well as other new initiatives.

Corrective Actions: Mission staff are coordinating with CONAM and PW the delivery of the TA under the current PW contract. SEGO is negotiating with Global Bureau/Center for Economic Growth for an OYB transfer of US\$250,000 to provide further privatization TA to the GOE.

#### X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

##### FEDEXPOR

1. Authorize extension of the FEDEXPOR CA from September 30, 1994 to December 31, 1994 to permit delivery and payment of goods purchased prior to September 30, 1994.
2. Obtain the Deloitte Touche final audit report and implement recommendations, if any.
3. Prepare Project Completion Report and close out T&I Project component.

##### FUNDACION ECUADOR

1. Carry-out a 1994 audit.
2. Mission staff will collaborate with FE to implement the new CA under the Policy Dialogue and Implementation Project.
3. Monitor FE self-sustainability plan and M&E system.
4. Supervise institutional strengthening TA.
5. Assist FE to define major economic and social reform agendas in anticipation of the next GOE administration in 1996.
6. Monitor FE microenterprise policy reform program in coordination with Mission's Microenterprise Assistance & Strengthening (MAS) Project.

##### IESC

1. Initiate IESC independent audit.
2. Monitor FE-IESC agreement supporting IESC 1995 operating expenses.

##### PROEXANT

1. Obtain Mission approval of NTAE Project Completion Report.
2. Monitor close-out of project.

#### PRIVATIZATION/CAPITAL MARKETS DEVELOPMENT

1. Monitor CONAM's privatization plans and sales prospectus for ECUATORIANA Airlines and its overall modernization/privatization strategy and implementation program.

2. Monitor CONAM's implementation of recommendations in the financial reports of USAID/Ecuador Controller Office.
3. Close-out PW contract.
4. Obtain Global Bureau OYB transfer of US\$250,000 to provide privatization TA to the GOE.

(F:ISAR:SEG0094)

**PROJECT STATUS REPORT**  
October 1, 1994 - March 31, 1995

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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:	Peter Lopera/Rocío Cedeño	
Status of CPs/Covenants:	All met	
Date of Last Evaluation:	N/A	Next evaluation: N/A
Date of Last Audit:	01-94	Next Audit: 03-95
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 Contribution:	Planned:	\$6,200,000 (l/c)
	Actual:	\$6,200,000 (l/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)**

- 100 percent of funding goes to Strategic Objective No. 1.

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

The US\$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. CONAM: In December 1994, the ESF institutional development financial support to CONAM was brought to a close and a final disbursement made. CONAM complied with all conditionalities such as the elaboration of a strategic plan for the modernization of the state apparatus, the financial projections for CONAM's activities that receive GOE and other donor support, etc. The total life of activity funding was increased to S/.780,258,332. The GOE budget plus assistance from the IDB will fund CONAM's operations in the future.
2. FISE: Through the modest initial ESF LocalCurrency financing FISE has been

successful in increasing and expanding its operations, and has been able to obtain USD30.0 million each from the World Bank, IDB and CAF. With other smaller amounts of assistant FISE is now in a position to invest upwards of USD100 million in the delivery of social infrastructure and the promotion of income generating projects with the lowest income groups in ecuadorian society.

VII. GENDER CONSIDERATIONS

N/A.

VIII. EVALUATIONS AND AUDITS

The audit of local currency activities for fiscal year 1994 was contracted in March 1995.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

(After the end of the reporting period, the Head of Program Administration unit was replaced and the Subsecretary of Public Credit resigned. After meeting with the new Head of the Program Administration Unit, Mission staff are optimistic that actions will be taken expeditiously to resolve program administration weaknesses.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Program/reprogram local currency funds 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. Continue reconciling financial data, in order to close out local currency projects that have reached their termination date.
5. Ensure that the Program Administration Unit carries out the transfer of the commodities to terminated local currency projects.
6. Ensure that the Subsecretary meets his commitment to adequately staff the Program Administration Unit.
7. Continue participation in site visits.

IF:ASARPPD0116

**PROJECT STATUS REPORT**  
October 1, 1994 - March 31, 1995

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**I. BACKGROUND DATA**

Project Title: Section 416 (b), Food for Progress and Emergency Food Program  
 Project Number: N/A  
 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:  
 Date of Last Audit: 12-31-93      Next Audit: 12-31-95

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:
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**FINANCIAL DATA**

<u>Source</u>	<u>Date</u>	<u>Sucres</u>	<u>Dollars</u>
			<u>Grant 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 (100%)*	2,403,131,751		
Earmarked (100% of available)	2,403,131,751		
Disbursed (77% of earmarked)	1,860,861,609		1,366,525
Section 416 (b), FY 89			
Available (100%)*	6,926,913,531		
Earmarked (100% of available)	6,926,913,531		
Disbursed (82% of earmarked)	5,652,034,666		1,048,794,448
Food for Progress, FY 91			
Available (100%)*	15,420,244,769		
Earmarked (100% of available)	15,420,244,769		
Disbursed (18% of earmarked)	2,771,695,937		305,738,583

\* Grant plus earned interest

**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.

are not funded.

Activities have been implemented through the following entities:

Public Sector:

- Ministry of Agriculture (MAG)
- Central University of Ecuador (Quito)
- State University of Bolivar (UEB)
- Technical University of Manabí
- Technical University of Babahoyo
- Northern Technical University

**III. PROJECT DESCRIPTION**

**1. Local Currency Uses**

The Program provides matching funds for nine 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, fish-culture, and livestock production and rural processing of fruits and vegetable crops. Studies and analyses, per se,

## Private Sector

- Agricultural Research Foundation (FUNDAGRO)
- The Non-Traditional Export Promotion Project (PROEXANT)
- Cassava Producers Association of Manabí (UATAPPY)
- CORMADERA
- Guadalupe Cattlemen's Association
- FUNALGODON
- Catholic Relief Services (CRS)

## 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 four professional and three administrative personnel. Policies and procedures are set forth in USAID/E issued project implementation letters (PILs) and funding decisions are made by a Steering Committee composed of MAG, MOF and USAID/E representatives.

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

The local currency generated from the sale of the commodities provides funding to support the achievement of Strategic Objective 1: "To increase sustainable economic growth for a broad base of the population," and SO 4: "To promote sustainable use of natural resources, the conservation of biological diversity, and the control of pollution."

Program funding contributes to the Mission's policy dialogue agenda by strengthening the policy analysis and educational capabilities of Ecuadorian organizations and by leveraging policy reforms with the potential to significantly improve social and economic growth, efficiency and equity in the rural sector.

## V. PROGRESS TOWARD PURPOSE ACHIEVEMENT (EOPS) 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 agro-industries.

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 REPORTING PERIOD

1. The PL-480 Implementation Secretariat has implemented all audit recommendations made by Price Waterhouse in its audit report for the USAID-Ecuador Food Aid Program. Towards this purpose, the Secretariat prepared an implementation plan, which was submitted to Advisory Council and the Controller's Office of USAID/Ecuador.
2. The USAID-Ecuador Food Aid Program funds have been reprogrammed for the period

October 1st, 1994 through September 30, 1996. Accordingly, committed funds total 14.775 billion sucres and available funds total 13.542 billion sucres, as of December 1994.

3. Local-currency proceeds, have been allocated for four new Program activities: (i) "Microenterprise Loans for Women" to be implemented by Catholic Relief Services. Its objective is to benefit ten communities from the provinces of Azuay and Cañar. Credit will be provided through community banks, replicating the FINCA methodology; (ii) "Basic-Staple Marketing at Community Level", to be implemented by FUNALGODON that is a Foundation whose purpose is to encourage five-rural community members in the provinces of Manabí and Guayas towards self-reliance through managing small shops that market basic staples and other surplus from produce grown in the community.; (iii) "Guadalupe Rural Cheese Factory", to be implemented by the Association of Cattle-raisers of Guadalupe, province of Zamora Chinchipe, with the purpose of increasing their produce quality therefore increasing their income and improving the living conditions of 150 families; and (iv) "Quality Control and Certification for Wood Products" to be implemented by the Corporation CORMADERA. The objective is to strengthen and financially consolidate CORMADERA and progressively broaden the service their provide.
4. The Advisory Council has approved the analysis of five new proposals for presentation. After the technical evaluation, the committee will either approve or disapproved them for funding. If approved, the total number of activities under implementation for the upcoming six-month period is thirteen.
5. The four-year Organic Agriculture project has concluded. It was implemented by FUNDAGRO, with a total financial support of \$/493 million sucres. Major outcomes include significant technical contribution to the creation of the "Andean Organics" company, which is currently successfully operating and, exporting organic vegetables; motivation and training of a sizable group of Agronomy students and teachers from four Ecuadorian universities and, of an important group of farmers; the leadership role that FUNDAGRO has played among the various institutions regarding dissemination of this organic technology, leading to a number of potential new projects.
6. The two trout-farming stations continue their consolidation as microenterprises. The Peltetec station will soon be supplying its own minnows from breeding stock and they expect to produce surplus minnows which will be sold to the Marcopanba station.
7. The fruit orchards established in the province of Bolívar on an experimental basis are developing. Fruit production will begin next July. The project personnel as well as farmers from the project area have high expectations.
8. The actions taken by the project on "Plant Health and Environmental Monitoring", implemented by PROEXANT, are aimed at raising the consciousness of agricultural producers regarding the use and handling of pesticides. In fact, EXPOFLORES has requested PROEXANT's services to provide adequate training in pesticide management for its affiliate company workers. Workshops, lectures and demonstration practices have been provided in 80 companies. A pollution level assessment to determine contamination by agricultural pesticides among small and medium producers of fruits and vegetables in the main growing areas has begun.

## VII. GENDER CONSIDERATIONS

The "Microenterprise Loans for Women" activity seeks to increase employment opportunities for poor rural women in order to increase their income. These women have become the heads of their households, since men have emigrated to other areas. The community banks that will be established under this activity will permit borrowers to save in a progressive and mandatory basis, so that, after three years, every bank will have doubled its initial operating capital. This will guarantee a self-supporting capacity and, the benefit to them of owning 50% of the bank's capital stock and other profits that this ownership brings.

The successful results achieved by the rural microenterprises developed by the Foundation for the Development of Rural Women (FUNDELAM) has resulted in a second phase to expand this capacity to new geographical areas benefiting a greater number of women. This second phase is aimed at supporting decreasing discrimination and gender differences that are so deeply-rooted in rural areas.

## VIII. EVALUATIONS AND AUDITS

The PL-480 Implementation Secretariat has implemented all recommendations from its latest audit. The Secretariat will continue having yearly audits for the Program.

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

1. Issue: USAID/Ecuador has approached Minister of Agriculture regarding INIAP. He has agreed to meet Executive Director of INIAP to decide whether or not funding committed to INIAP under the Food Aid Program is needed for INIAP, considering the substantial amount of funds INIAP will receive from World Bank.

Corrective Actions: Continuously meet with Minister and Executives from INIAP to decide mechanism of funds disbursement and agree in use of funds.

2. Issue: Since the rehabilitation of the Guayaquil Grain Processing Plant is no longer viable, FENARROZ has presented to the PL-480 Advisory Council, an alternative proposal whose objective is to transfer the rice husking plant from the Guayaquil Grain Processing plant to Ventanas, which is considered a good site for FENARROZ to enter in the husking of rice. This alternative project was approved by the Advisory Council. However, legal requirements may impede rapid implementation.

Corrective Actions: The Advisory Council has given FENARROZ a deadline to complete all requirements inclusive legal, to start implementation of the project. Among those, FENARROZ must present the documents that certify FENARROZ legal possession of the Ventanas plant-site and, the respective authorization to transfer part of the equipment from the Guayaquil plant to Ventanas.

## X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Proceed with approval and respective financing for:

- Women's Microenterprises in the Province of Carchi to be implemented by FUNDELAM;
- Agricultural Microenterprises in Cayambe and Pedro Moncayo to be implemented through the Casa Campesina Cayambe;
- Rehabilitation of the Concepción de Monjas Hacienda administered by ANCO;
- Playas de Villamil Nurseries to be implemented by the Agricultural Center of Playas Canton and;
- Huambi Rice Husking Plant to be implemented by the Association of Agricultural Producers of the Huambi area.

(FASAR/ANR418)

PROJECT STATUS REPORT  
October 1, 1994 - March 31, 1995

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Project Name: PL-480 Title II CARE/FISE/NGO Support Fund (C-FNSF)

Project Number: Not Applicable

Project Funding: PIO/T No.: Not Applicable  
Grant: US\$3,000,000  
Appropriation: Not Applicable  
Budget Plan Code: Not Applicable  
Total Estimated Amt: US\$2,600,000  
Total Obligated Amt: US\$2,600,000  
Counterpart Contr.: US\$0.00

Major Contractor: CARE/Ecuador and the Social Investment Emergency Fund (FISE)

LOP: March 1994 to September, 1995

Technical Office: Agriculture and Natural Resources (ANRO) and  
Project and Program Development Office (PPD)

**PROJECT PURPOSE:**

To facilitate the implementation of sustainable, productive infrastructure and environmental projects that benefit low-income persons in rural and peri-urban areas, with an emphasis on maximizing employment of individuals served by the infrastructure and ensuring food security, and to promote institutional strengthening of NGOs in order to increase their capacity to design, implement and administer effective development projects.

**MISSION INVOLVEMENT:**

Project design and implementation has taken place in close coordination with the Mission's Program and Project Development (PPD) Office. Monitoring will be carried as per criteria established in the Multi-Year Operational Plan (MYOP) and contractual agreements.

The MYOP PL-480 Title II program will generate local currency to support the Ecuadorian Social Investment Fund (FISE), and NGOs working with indigenous people. Better linkages will be developed between FISE and NGOs in order to benefit low-income, marginal communities that are beyond traditional public or private outreach programs and services.

The current grant provides funds for one year with the possibility of extension for a second year depending on the success of the program and the availability of food commodities for monetization purposes in year two.

**STRATEGIC OBJECTIVE NO. 1 AND 4 INDICATORS:**

- SO 1 Indicator No. 1: Net income of small enterprises

- SO 1 Indicator No. 2: Percentage of small farmers with increasing net household incomes

**STRATEGIC OBJECTIVE NO. 1 AND 4 PROGRAM OUTPUTS:**

- SO 1 PROGRAM OUTCOME NO. 1: Improved economic and social policies
- SO 1 PROGRAM OUTCOME NO. 2: Expanded opportunities and participation by low-income groups in a growing market economy
- SO 4 PROGRAM OUTCOME NO. 2: Improved management of natural resource and biodiversity activities in selected areas
- SO 4 PROGRAM OUTCOME NO. 3: Improved practices for pollution control and urban environmental management in selected areas

**MAJOR ACCOMPLISHMENTS TO DATE:**

An Agreement between CARE/Ecuador and FISE and a Letter of Understanding between USAID/Ecuador and CARE/Ecuador were signed on December 27, 1994, to formalize working relationships, procedures and mechanisms for program implementation. CARE and FISE agreed to follow FISE procedures and requirements for project design, implementation and administration, that is FISE application forms; mechanism of evaluation, supervision, etc. CARE agreed to extensively promote the program among the NGOs community.

For promoting the Program, CARE, in collaboration with FISE, circulated a questionnaire to the potential NGO partners, to gauge their institutional capacity and interest in participating in the Program. After, receiving and processing the information, a seminar with interested NGOs was held to review the Program objectives.

Initially, 12 NGOs were selected for the first phase. All of them met the criteria developed for that purpose. However more NGOs have expressed interest in the Program and will be considered as time and resources permit.

Since part of the MYOP is to strengthen NGOs, CARE has designed a plan for training NGOs from February to June 1995. Two 1-day workshops with participating NGOs and technicians were held. Areas of training were: productive projects and their environmental impact, formulation of objectives, activities, indicators and baselines.

Sixteen project profiles have been presented to the CARE/FISE Program. They total US\$1,755,000. Five of them were developed, completed and, presented for FISE approval. Four have been approved by FISE, totalling US\$ 255,000 and they are:

- Construction of wooden boxes for fruit packaging. Central Ecuatoriana de Servicios Agrícolas (CESA).
- Infrastructure for Production and Marketing of Hand Embroidered Products. Fondo Ecuatoriano Populorum Progressio (FEPP).
- Infrastructure for Potatoes and Vegetables Storage and Commercialization. Fundación para el Desarrollo Agropecuario (FUNDAGRO).
- Agroindustry for Robusta Coffee Processing. Maquita Cushunchic (MCCH).

The Extension of El Arteson Irrigation Canal presented by Corporación de Estudios y Desarrollo Integral del Norte (CEDIN) is at FISE for its approval.

#### **CURRENT STATUS INCLUDING MAJOR ISSUES:**

A workshop to evaluate the progress of the Program with the participation of project staff will be held at the beginning of April. It is expected that recommendations to accelerate project implementation will be made. CARE and FISE have had several meetings regarding project approval process. Modifications to the Agreement between CARE and FISE are being analyzed and an amendment to the Agreement will be signed in April.

In order to facilitate the training plan for NGOs and other organizations regarding institutional strengthening, CARE has signed an agreement with the International Institute of Rural Reconstruction.

A second phase of the Program is scheduled to start in May 1995. This phase will considered not only NGOs but will emphasize the participation of indigenous federations and associations.

The Dutch Cooperation Program in Ecuador, is considering a contribution of US\$3 million to FISE to be used for and under the same conditions of the CARE/FISE program.

Since program implementation has demonstrated no need to have one office for project design, development and approval and, another for strengthening NGOs, CARE has proposed to amend the budget approved in the MYOP to only reflect the facilities already established in CARE. Instructions towards this purpose have been requested from Washington.

(F:ISAR/ANRCARE)

**SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE 2:  
"Reduce levels of mortality and fertility to levels which are commensurate with sustainable development"  
October 1, 1994 - March 30, 1995**

**1. Summary Assessment of Overall Performance of the Strategic Objective Portfolio**

The Strategic Objective 2 (SO 2) portfolio includes the Child Survival and Health Project (518-0071), the Water and Sanitation for Health and Ecuadorian Development Project (518-0081), and the Health and Family Planning Project (518-0084). In addition, the portfolio includes centrally funded projects in AIDS, nutrition, and US PVO programs with Catholic Relief Services (CRS), Project HOPE, Plan International, and the International Eye Foundation.

The activities of SO 2, including program assistance, non-project assistance, policy dialogue, and donor coordination continued to provide critical assistance on the ongoing programs of Ecuadorian institutions.

Program activities in the areas of child survival, family planning, and water and sanitation provided significant contributions towards the achievement of the SO during this reporting period. In child survival, USAID took a lead role in providing assistance and funding to the Ministry of Health for a major measles campaign and for a campaign to stop a re-emerging cholera epidemic. In family planning, over six months after the Cairo conference, it is clear that the Government of Ecuador's overly conservative stance at the conference has not led to any significant constraints to the provision of services by either public or private sector entities. Moreover, UNFPA and USAID have agreed in principle to jointly provide technical assistance to the Ministry of Health in order to improve the quality and coverage of their family planning services. In water and sanitation, the Ministry of Urban Development and Housing Subsecretariat for Environmental Sanitation (MINDUVI/SSA) with USAID support has completed the publication of a large set of manuals for the design, operation, and maintenance of rural water systems. These "do-it-yourself" manuals will be widely distributed and will allow for local municipalities, NGOs, and other institutions to implement water systems without intensive support from the SSA. With this technical package, the GOE's interest in further decentralizing water and sanitation programs to the municipalities will be accelerated. Also in water and sanitation, USAID responded to a request by the Shuar-Achuar Federation for potable water systems in a number of communities in the south-eastern amazon region of the country. This quick response will not only have a significant impact on the health status of the affected communities, but is also of high priority for U.S. Mission because it provides a rapid response to situations resulting from the border conflict.

**2. Significant Sector Developments and Issues having Positive Impacts/Deterrence on Project's Contribution to the SO.**

There were two significant developments in the sector which have had an impact on the performance of the SO. First, there was a change of Ministers at the Ministry of Public Health. As is common in Ecuador, the new Minister proceeded to make sweeping changes in the top leadership of the Ministry. Many of the new actors have little experience in public health, nor in working with donor agencies. As such, the learning curve has been long and steep, resulting in significant delays in project activities. Moreover, the new Minister has a new policy perspective which focuses on emergency care. This is a major shift in policy from the previous Ministers and has resulted in a need for intensive policy dialogue on part of

USAID. This policy dialogue has been successful in getting the Minister to endorse the USAID projects. At the same time, USAID has been able to selectively respond to the Minister's needs without compromising neither the strategy nor the policy agenda which the SO has established.

**3. Monitoring of Strategic Objective Indicators.**

The SO statement which was modified during the last SAR period was further modified to the following: "Reduce mortality and fertility to levels which are commensurate with sustainable development". The modification responds to USAID's expanded interest in reproductive health and in health status of mothers, not just infants.

As a result of our modification in the SO statement, an additional indicator will be used to measure the success of the SO. This third indicator (in addition to infant mortality and total fertility rate) is the maternal mortality rate (MMR). The MMR is measured as number of deaths to women due to causes related to childbirth per 100,000 live births. The figure for Ecuador in 1989 is 150 - one of the highest in Latin America. The target for the year 2000 is a reduction by 50% to 75. This figure is consistent with GOE goals and goals presented by the donor community at international conferences and summits.

A RIG Audit of the linkage between the project activities and the Strategic Objective was carried out late in the reporting period. As a result of the audit, a number of indicators were further refined and additional explanations of the definition and measurement of indicators were provided as part of the SO Tree. The evaluation team for RIG has prepared a draft report which reports only two recommendations which will be presented in a Management Report, as opposed to a full Audit Report.

**4. Recent Developments in Policy Dialogue Related to SO2.**

A number of policy dialogue activities have taken place during this reporting period.

First, technical assistance was provided (and continues to be provided) to the MINDUVI/SSA in reform of the water and sanitation sector. A strong emphasis has been placed on methodologies for determining appropriate tariff systems for water and sanitation systems in municipalities. The joint efforts of GDO and RHUDDO in this effort have had important results, providing critical linkages between past efforts in rural water and sanitation and the new policy directions of the GOE in its efforts to decentralize programmatic responsibility to the municipalities.

Also in the water and sanitation area, representatives of the Municipality of Machala were invited to a Lessons Without Borders (LWOB) activity in Seattle. The LWOB is an USAID/W initiative which "brings home" lessons learned in overseas programs. This particular event focused on urban environmental issues. RHUDDO with GDO coordinated efforts to identify the appropriate participants.

Policy dialogue activities in health and child survival centered on discussions with the new MOH leadership and in the initiation of policy activities with CEPAR. As indicated earlier, this reporting period saw a significant change in the MOH

leadership. The focus of USAID's policy dialogue efforts was in obtaining ministry support for the USAID projects and for the policy agenda which was being proposed. By responding flexibly to the new Minister's specific requests, USAID has received strong approval and endorsement for its activities. At a time when the new Minister is frustrated with other donors, he has pointed out USAID as the agency which supports his initiatives.

The signing of the Cooperative Agreement with CEPAR highlighted the beginning of health policy activities with that institution. Coincidentally, a visit by Dr. Tarsicio Castañeda to Ecuador gave CEPAR the opportunity to invite Dr. Castañeda to a project kick-off seminar which took place late in the reporting period.

#### 5. Review of Issues and Status of Actions from the last SAR.

1. The mid term evaluation of the Health and Family Planning Project was carried out. The evaluation findings point to the overall success of the project, and in particular the spectacular success of the two local NGOs, APROFE and CEMOPLAF. The evaluation also reviewed the non-project component of the program and commented on its lack of progress. The evaluation recommendations include minor "fine tuning" of directions with APROFE and CEMOPLAF, and a careful review of the non-project assistance component. In response to these recommendations, GDO has met with the two local NGOs to prepare for implementation of the recommendations, and has prepared an Action Memorandum to the Mission Director in order to take concrete steps vis a vis the non-project assistance component.

2. The no-cost extension of the WASHED project was signed in December. The activities will allow for consolidation of the outputs and for further policy dialogue with the MINDUVI. The extension will also allow CARE to expand coverage of potable water in rural areas.

3. The Cooperative Agreements for CARE and CEPAR were signed and initial organization activities have started.

4. The Technical Assistance in AIDS and Child Survival (TAACS) Advisor was hired, and arrived at post in February. The Advisor is now fully involved in all aspects of the Child Survival project.

#### 6. Major Actions for the Next Six Months

1. Complete the close-out procedures for the WASHED project.
2. Review, approve, and begin implementation of the CARE and CEPAR cooperative agreements.
3. Ensure the smooth completion of the emergency response to the Shuar-Achuar Federation.
4. Disburse the second tranche of funds for the Family Planning Non-Project Assistance and negotiate with the GOE the conditionalities for the third and final disbursement.
5. Finalize the establishment of endowments for APROFE and CEMOPLAF.

(F:\SAROVERS02)

**PROJECT STATUS REPORT**  
**October 1, 1994 - March 31, 1995**

A    B    X    C   

**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 03-17-94  
 PACD: original 12-31-94 last amendment 05-31-99  
 Implementing Agencies: Ministry of Public Health of Ecuador (MOH), CARE CEPAR  
 Major Contractors: ABT, Initiatives, JSI, CEDPA  
 USAID Project Officer: Jack Galloway  
 Status of CPs/Covenants: All project CPs have been satisfied.  
 Date of Last Evaluation: 08/93  
 Date of Last Audit: 12/93 Next Audit: 3/95  
 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: 1

**FINANCIAL DATA**

Amount Authorized: DA Grant: original \$12,200,000 last amend \$18,000,000  
 Amount Obligated: DA Grant: original \$ 1,778,000 last amend \$12,350,000  
 Current FY Oblig: \$ 650,000  
 Amount Committed: Grant - Period: \$ (81,345)  
 Cumulative: \$10,200,423  
 Accrued Expenditures: Grant:  
 Period - Projected: \$ 1,109,500  
 Period - Actual: \$ 892,051  
 Cumulative: \$ 9,218,564  
 Period - Next \$ 677,000  
 Counterpart Contribution: Planned: \$16,100,000  
 Actual: \$16,090,081  
 % LOP Elapsed: 58%  
 % of Total Auth. Oblig. (Grant) 69%  
 % of Total Oblig. Exp. (Grant) 75%  
 % of Total Auth. Exp. (Grant) 51%

**II. MAJOR OUTPUTS:**

	PLANNED				ACCOMPLISHED		
	PERIOD		NEXT		PERIOD	CUM	% OF LOP
	LOP #	PERIOD #	CUM #	PERIOD #			
1. Reduce Infant Mortal. Rate	30						
2. Functioning MOH Coordinating Office.	1						
3. Private sector entities strengthened and engaged in expanding their CS/PHS serv.	25						
4. Private sector entities capable of recovering 100% of health service oper. costs.	10						
5. Development of innovative PHC financing mechanisms.	4						
6. Development of a package of program. & adm. tools.	1						
7. Analysis and studies to facilitate health sector reform dialogue.	7						

	PLANNED				ACCOMPLISHED		
	PERIOD		NEXT		PERIOD	CUM	% OF LOP
	LOP	PERIOD	CUM	PERIOD			
8. Public & private sector leaders oriented in need to target subsidies & clarify role definition.	200						
9. Education campaign conducted to orient the public to country's health sector problems and reforms and changes needed to solve the problems.	10						

**III. PROJECT DESCRIPTION**

The purpose of this project is to improve the effectiveness of child survival and primary health care programs and interventions nationwide. The main project beneficiaries will be specific segments of the population (i.e. low and marginal income, rural and peri-urban communities).

The project consists of four major components: (1) Ministry of Public Health (MOH) on-

going child survival program activities, (2) MOH policy support, (3) Policy Analysis, and (4) Private Sector program strengthening.

#### IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

The project is directly related to achievement of the Strategic Objective (SO). The on-going child survival activities 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; the private sector strengthening 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 SO 2.

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

Project amendment # 8 was signed on January 31, 1995. This amendment responded to changes in the GOE policy environment regarding child survival and primary health services delivery during the previous administration. Priorities within the Ministry have changed and there is an environment of uncertainty. A work plan for the CS-I activities have been approved through September 30, 1995. Policy formulation and reform and private sector program strengthening components have been incorporated in the project. Cooperative Agreements with CARE and CEPAR have been signed and annual work plans have been requested for approval. Key staff for both components are being selected. Start-up activities have been initiated. An MOH counterpart has to be appointed for the coordination of activities. A project executive committee composed of representatives from the MOH, CEPAR, CARE, and USAID needs to be implemented.

#### VI. PROGRESS DURING REPORTING PERIOD

1. Amendment No. 8 to the Project Agreement was signed on January 31, 1995.
2. A work plan for MOH activities under the CS-I was approved through September 30, 1995.
3. A Cooperative Agreement (CA) with CARE was signed in March. A Start-up workshop was carried out and an Annual Work Plan was prepared and submitted for approval. Selection of key personnel is in process.
4. Guidelines for NGOs for the preparation of project profiles and proposals were designed, including criteria for selection.
5. A CA with CEPAR is in process.
6. Active donor participation occurred during the period, especially with the World Bank, PAHO, IDB and the Canadian Development Fund.
7. A health management training workshop was presented by ESPOL with CS financing and participation.
8. CARE conducted a study of NGO needs which included (1) a data base of NGO's, (2) a training needs assessment, and (3) an instrument for conducting institutional analyses of NGO's.

9. Monitoring of the CS-I activities at the end of the T.A. was completed. Field trips to project provinces were scheduled for the preparation of the general project inventory.

10. The MSH/MOH transition plan was only partially implemented due to the change of MOH authorities at both central and provincial level. The contractor activity which received most of the attention from counterparts was related to Management Information Systems. The contractor transferred to the MOH all source codes for original software, as well as trainer, participant, and operations manuals for all software introduced under the project.

11. The long-term technical assistance contract ended on December 31, 1994. MSH's equipment/material was transferred to the MOH and a final distribution was approved during the last Executive Committee Meeting.

12. A partial distribution of medical and audiovisual equipment took place during the last quarter of 1994. Due to delays by the procurement agent and inappropriate selection of equipment and supplies, some commodities were shipped in March/95. MOH is in the process of releasing commodities from customs.

13. The HFS project (ABT) continued progress on three studies related to health sector: (1) Rural Social Security Financing, (2) Potential of Cooperatives to Finance Basic Health Services, and (3) Demand for Curative Care in Rural Ecuador.

14. The Initiatives Project continued work on its study of Urban Health Care Providers as well as the development of business plans by the participating private health organizations. A workshop was held with PATH to review business and financial plans of the private organizations.

15. A letter contract was signed with CARE to carry out water and sanitation activities for the Shuar-Achuar communities.

16. The Food and Nutrition Monitoring and Support (IMPACT) project reaches communities on the Cayapas and Santiago rivers near Borbon, in the Province of Esmeraldas. Because of population and economic pressures, the indigenous communities have been engaging in increasingly non sustainable agricultural practices, leading to serious environmental degradation. At the same time, the nutritional habits of these communities was such that individuals were at high risk of a number of illnesses. The project has been successful at changing the nutritional habits of the indigeneous communities. The project will end in September 1995.

#### VII. GENDER CONSIDERATIONS

The most important beneficiaries of 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, the project enjoys a significant participation of women in all of its components.

#### VIII. EVALUATIONS AND AUDITS

An external evaluation of the project will be scheduled for the end of 1996.

An audit covering the period January 1 - December 31, 1994 has been contracted.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: The transition plan was only partially implemented due to continuous uncertainty in the MOH. However, MSH carried out a series of field trips to identify MOH personnel responsible for each technical and administrative area with little success.

Corrective Action: During the last period of implementation of CS-I activities USAID will press the MOH to appoint responsible counterparts for each project area.

2. Issue: MOH authorities have new priorities for the health sector. Primary health activities discussed and approved by the former administration are no longer MOH's first priority. A lack of commitment on behalf of the MOH may distract coordination activities.

Corrective Action: USAID will encourage the MOH to promote and initiate coordination activities to implement the redesigned Child Survival Project.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SIX MONTHS

1. Completion of CS-I activities with the MOH.
2. MSH final report received and distributed to MOH authorities.
3. Cooperative Agreement with CEPAR signed.
4. Coordination meetings with the MOH for the implementation of CS-II project activities.
5. Approval of annual work plans for CARE and CEPAR for prompt implementation of activities.
6. Field visits and selection of local NGOs for first year activities.
7. Start-up of approximately 3-5 NGO projects.
8. Hiring of key personnel by CEPAR and CARE.
9. Short-term technical assistance for CARE and CEPAR.
10. Agreement with the ESPOL for development of graduate program in Health Management.
11. Completion of CEPAR diagnosis of Ecuador health sector and current health policies.
12. Completion of HFS Reports.
13. Completion of Initiative Study on Health Care Providers.
14. Project Coordination Plan developed with MOH.

15. T.A. activities in Quality Improvement and other areas initiated with MOH.
16. Four MOH officials trained in health care management at ESPOL short-course.
17. Two seminars for NGOs on (1) overview of NGO-CS project, (2) leadership and organizational development.
18. Orientation workshop for CEPAR on current Health Sector Reform Activities in Ecuador and other L.A. countries.
19. Ongoing coordination with key donors.
20. Delivery of hand pumps to the Shuar - Achuar communities.
21. Inauguration ceremony with Ambassador Peter Romero in two Shuar - Achuar communities.
16. The Opportunities for Micronutrient Interventions (OMNI) project will support policy activities directly related to the policy agenda of the CS Project. The three areas of focus will include: 1) nutritional policies; 2) inclusion of micronutrient and other nutritional issues as part of the primary health care package being used within the CARE CA; and 3) leveraging World Bank FASBASE project funds by bringing experts to review and contribute to the FASBASE nutrition strategy. The project will start in July 1995.

(F-1SARGD00071)

**PROJECT STATUS REPORT**  
**October 1, 1994- March 31, 1995**

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 last amend 07-31-95

**Implementing Agencies:** Subsecretaria de Saneamiento Ambiental (SSA)  
**Major Contractors:** WASH, Romero & Asociados  
**AID Project Officer:** Ken Yamashita  
**Status of Cps/Covenants:** All CPs have been met

**Date of Last Evaluation:** 03-20-93 **Next evaluation:**  
**Date of Last Audit:** 12-31-93 **Next Audit:** 7-30-95

**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 \$1,000,000 last amend \$4,000,000  
**Amount Obligated:** DA Grant: original \$ 853,800 last amend \$4,000,000  
**Current FY Oblig:** DA Grant: \$ 0  
**Amount Committed:** Grant - Period: \$ 195,917  
 Cumulative: \$3,810,359

**Accrued Expenditures:** Grant:  
 Period - Projected: \$ 360,000  
 Period - Actual: \$ 291,135  
 Cumulative: \$3,376,111  
 Period - Next \$ 167,000

**Counterpart Contribution:** Planned: \$15,761,000  
 Actual: \$14,835,000\*

**% LOP Elapsed:** 94%  
**% of Total Auth. Oblig. (Grant)** 100%  
**% of Total Oblig. Exp. (Grant)** 84%  
**% of Total Auth. Exp. (Grant)** 84%

\*As of December 31, 1994.

**II. MAJOR OUTPUTS:**

	PLANNED				ACCOMPLISHED *			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	PERIOD	
1. Prov. Oper. Modules established	16	0	16	8	0	8	50	
2. RW&S systems built (people served in 000s)	640	0	640	0	27	244	38	
3. Hygiene education (mass media cycles)	320	0	320	0	32	215	67	
4. Operations & maintenance (RW&S inventory completed)	7	0	7	0	0	7	100	
5. Provincial O&M program begun	8	0	8	0	0	8	100	
6. Local training	8	0	8	0	0	8	100	
a) IEOS personnel	2288	300	2288	0	261	2696	100	
b) RW&S Board comm. members	5768	600	5768	750	750	39200	100	
7. Training (persons) short-term	60	10	46	12	13	20	33	

\*Project activities started in October, 1990.

**III. PROJECT DESCRIPTION**

The purpose of this project is to strengthen the capability of the Subsecretaría de Saneamiento Ambiental (SSA) to assist rural communities in eight provinces to: (1) install cost-effective, technologically appropriate safe water supply systems and latrines; (2) use Water and Sanitation (W&S) systems to improve family health status; and, (3) maintain and improve the systems in the future. The eight provinces served by this project are Carchí, Imbabura, Pichincha, Cotopaxi, Chimborazo, Tungurahua, Azuay, and El Oro. The project consists of seven major components: systems construction, hygiene education, operations and maintenance, appropriate technology, training, private sector participation, and policy dialogue. The latter two components were included as part of a no-cost extension approved in December 1993. The private sector participation component enables CARE to continue building RW&S systems and providing hygiene education, and the policy dialogue component assists the GOE to develop and implement W&S policy.

**IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE**

The provision of potable water and basic sanitation, along with adequate operations and maintenance and hygiene education is a service necessary to improve health status and living conditions. This project directly affects access to rural potable water

through-the counterpart construction of water and sanitation systems. Effective use is enhanced through hygiene education activities and through training of community leaders in the proper operation and maintenance of rural water systems.

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

A project extension through July 31, 1995 was authorized in November, 1994. The main reasons for amending the project were (1) elaboration and implementation of the Water and Sanitation Transition Plan; (2) dissemination of the technological standards to build sustainable rural potable water and sanitation systems, including its dissemination among municipalities, non-governmental organizations and the private sector; (3) continuation of water and sanitation activities under the Cooperative Agreement with CARE. Progress under the policy dialogue component has been limited to institutional/organizational structuring within the SSA by the RHUDO/SA consultant. Progress during the next reporting period will be defined by the completion of more specific activities that aim to initiate a culture of cooperation between the MIDUVI (SSA) and the municipalities.

#### VI. PROGRESS DURING REPORTING PERIOD

##### A. Management Level

1. On February 10, 1995 a Project Implementation Letter was signed to approve activities related to the validation, reproduction and dissemination of project experiences. The installation and functioning of the management communication network was also approved.
2. On March 23, 1995 the Project Financial Plan was modified to finance additional activities related to the national water and sanitation policy.
3. The Technical Standards for Building Sustainable Rural Potable Water and Sanitation Systems has been completed with the participation of central and provincial staff. Printing and dissemination of materials has been initiated.
4. The contract with Romero & Asociados ended on December 31, 1994. The four long-term advisors prepared a final report and received their last payment.
5. The contract with the long-term Project Coordinator ended on March 31, 1995. A final report is in process.

##### B. Component Level

1. Appropriate Technology studies and publications have been completed and are included in the Technical Standards. UCETA's magazine No. 5 was published and distributed. A number of studies and manuals were reprinted for future dissemination.
2. The Operations and Maintenance component elaborated and disseminated manuals for harnessing of water potable systems with surface waters and rainwaters. A number of manuals and "cartillas" were also reprinted, and community water board members were trained in the use of the manuals.
3. Hygiene Education documents have been edited and published. This material will also be included in the Technical Standards.
4. Training manuals were published. Each province has implemented a technical

library with books, cassettes, audiovisual equipments and computers.

5. A workshop to review and analyze the document "Methodological Process to Execute Rural Potable Water and Sanitary Works" took place in March. Two of the major recommendations include (1) the utilization of the document by every engineer, promoter, NGO or institution working in the sector with the supervision of the SSA, and (2) the dissemination of the document among the major actors of the sector.
6. A RUDHO/SA consultant has continued to work with SSA staff on institutional/organizational issues as part of the policy dialogue/transition plan.
7. CARE will increase the coverage goal of water and sanitation activities under the Agreement from 570 to 1160 families.

#### VII. GENDER CONSIDERATIONS

Field work by female hygiene education promoters has been one of the highlights of this project. These promoters are able to convey messages in a clear and effective manner to targeted audiences such as school teachers, mothers, and children.

#### VIII. EVALUATIONS AND AUDITS

A final report submitted by Deloitte and Touche was reviewed within the Mission and by SSA's financial staff. The report presented positive findings. Recommendations are being implemented by the SSA.

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

1. Issue: There are a number of important actions that are pending and that must take place before the PACD of July 31st. These include the dissemination of the technical manuals and the successful completion of policy activities:

Corrective Actions: GDO and RHUDO will continue to monitor project progress and will press upon MINDUVI the importance of completing these activities.

#### X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Organize seminars/workshops with different organizations for the dissemination of the Technological Standards.
2. Establish parameters to guide municipalities in the setting and collection of tariffs for water sewerage services.
3. Prepare a document for municipal authorities and managers of water companies which details organizational alternatives to help improve water services management.
4. Assess the state of environmental quality control laboratories in Ecuador.
5. Hold three seminars for key municipal officials and managers of potable water and sewerage services for intermediate and smaller-sized Ecuadorian cities.
6. Complete the construction of a 100 additional latrines under the Agreement with

CARE.

7. Final evaluation of the water and sanitation activities in Los Rios and Carchi Provinces, under the Agreement with CARE.
8. Liquidate all financial accounts at central and provincial level.
9. Prepare a project inventory of all the equipment and material procured under the project.
10. Contract the final external audit for the period January 1/94 - July 31/95.

(FAGDO0081)

**PROJECT STATUS REPORT**  
October 1, 1994 - March 31, 1995

**I. BACKGROUND DATA**

Project Title: Health and Family Planning  
 Project Number: 518-0084  
 Date of Authorization: original 08-14-91 last amendment 01-06-94  
 Date of Obligation: original 08-27-91 last amendment 09-22-94  
 PACD: 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/PCS, INOPAL, FHI, and CDC.  
 AID Project Officer: Margarita Quevedo  
 Status of CPs/Covenants: (See section V)  
 Date of Last Evaluation: 10-31-95 Next evaluation: 07-01-97  
 Date of Last Audit: 09-26-94 Next Audit: 10-30-95

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**

	TOTAL	P.A.	NPA
Amount Authorized:	DA Grant: original \$10,500,000	8,000,000	2,500,000
	: actual \$15,000,000	12,500,000	2,500,000
Amount Obligated:	DA Grant: original \$1,364,703	864,703	500,000
	: cumulative \$8,551,097	7,051,097	1,500,000
Current FY Oblig:	DA Grant: \$57,000	57,000	0
Amount Committed:	Grant - Period: \$57,000	57,000	0
	Cumulative: \$7,551,097	7,051,097	500,000
Accrued Expenditures:	Grant: Period - Projected: \$2,620,694	1,620,694	1,000,000
	Period - Actual: \$963,613	963,613	0
	Cumulative: \$5,792,312	5,292,312	500,000
	Period - Next \$1,120,698	1,120,698	---
Counterpart Contribution:	Planned: \$11,770,870	9,270,870	2,500,000
	Cumulative: \$8,116,707	7,616,707	500,000
% LOP Elapsed:		60	60
% of Total Auth. Oblig. (Grant)		57	56
% of Total Oblig. Exp. (Grant)		68	75
% of Total Auth. Exp. (Grant)		39	42

**II. MAJOR OUTPUTS:**

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
1. CPR increase from 53% to 58%	5%	0.42	2.03	0.32	1.00	4.00	80
2. Contraceptive Modern Methods Mix from 40% to 50%	10%	0.84	3.40	0.62	1.00	6.00	60
3. PVO new users under age of 25. (Baseline 30%)	20%	1.55	6.05	1.00	5.00	20.00	100
Sustainability							
1. Trust fund for APROFE and CEMOPLAF	US\$1,000	100	500	100	27	862	86
2. PVO's cost-recovery increase from 30 to 65%	35	3	11	3	1535100		

	PLANNED				ACCOMPLISHED									
	LOP		PERIOD		NEXT PERIOD		% OF LOP							
	M	F	M	F	M	F	M	F						
3. Training (persons) Overseas - Short term	7	7	2	3	4	5	2	2	1	4	7	12	100	171

**Policy Reform**

The major policy reform outputs to be achieved for the second disbursement of funds are listed below:

**OUTPUT:**

1. IESS - Increase budgetary allocations to reproductive health and family planning, with increases reflecting changing demographic profiles and increase in coverage desired by IESS.

**STATUS:**

This output is not likely to be met because there is no line item for family planning. Therefore, GDO prepared an Action Memorandum, which at the end of this reporting period was waiting for the RLA clearance, modifying this condition to accept an increase in the number of users as an alternate output.

**OUTPUT:**

2. CONADE - Prepare plans and methodology for monitoring and evaluation of policy implementation process.

**STATUS:**

This could not be done until policy was defined (Population Plan of Action). With some technical assistance, they are now preparing the plans and methodology for monitoring and evaluation.

**III. PROJECT DESCRIPTION**

The project goal is to improve the health of mothers and children through a 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 Strategic Objective (SO). Policies and improved financial management will affect the effectiveness and sustainability of family planning programs; training and technical assistance (TA) 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 percent to approximately 2.2 percent today; total fertility rate has declined from over six children per woman to approximately 3.5 children today; the contraceptive prevalence rate has increased from 53 percent to 57 percent.

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

After the political atmosphere surrounding the Population and Development Cairo Conference calmed down, the implementation of programs have been able to go on without political scrutiny or pressure of any kind. Therefore, the programs have not experienced the expected negative effects.

**Project Assistance (PA) Component:**

APROFE and CEMOPLAF have met or are on their way to achieving the EOPS regarding sustainability. They are emphasizing other aspects, like reaching larger numbers of under 25 year old users. In order to accomplish this APROFE is strengthening their school education programs, and CEMOPLAF is planning an operations research program on fertility awareness education for teens in schools.

The preliminary report of the project evaluation shows that APROFE and CEMOPLAF are mature organizations who provide high quality services and a solid accounting system. More details will be available when we receive the final report of said evaluation.

Non-project Assistance (NPA) Component: The preliminary report on the evaluation of the Population Project found that this component of the project had reached a standstill, and that in order to meet the policy objectives it would have to be amended. Possible amendments to this component were discussed with key persons in the Mission including our Regional Legal Advisor and staff on the MOF. We expect positive results in the next few months.

The official GOE promulgation of the Population Plan of Action gave an official backing to population and family planning activities in the country. It has five priority areas: 1- The incorporation of demographic variables into development planning; 2- Maternal and child health and family planning; 3- Education, information and communication in population; 4- Migration and geographical distribution of the population and 5- Population and the environment. It is very positive for USAID, because the activities that the Mission has in health and in family planning fit in very nicely into the approach the Plan of Action proposes.

**VI. PROGRESS DURING REPORTING PERIOD**

1. The mid-term evaluation of the Population Project was done in October, we are expecting the final report. The preliminary report states that: 1. Both APROFE and CEMOPLAF's successes in cost recovery appears to have been at the expense of the delivery of family planning services and thus it is recommended that they are not encouraged to achieve higher levels of cost recovery than they are already achieving; 2. If USAID wants to promote an expansion of service delivery in hard to reach areas, it should be willing to extend the life of the project's assistance for several more years to give the organizations time to carry out and consolidate the new efforts; and 3. USAID needs to facilitate future progress of the NPA component by disbursing the second tranche on funds as soon as possible and negotiate new conditions for the third disbursement.

**Project Assistance Component**

1. The Centers for Disease Control (CDC) have implemented a computerized Contraceptive Tracking System at several of the CEMOPLAF clinics. Once the software has been used and "cleaned up", it will be installed in all their clinics.
2. The Regional Legal Advisor discussed further the USAID guidelines for Endowment Funds with Staff from APROFE and CEMOPLAF.
3. The annual work plans for APROFE and CEMOPLAF have been reviewed and approved by USAID.
4. APROFE and CEMOPLAF have started negotiations with SOMARC to start social

marketing programs.

5. APROFE is expanding their headquarters building in Guayaquil with their own funds. GDO feels this is important, because it is a symptom of a strong and stable institution.
6. CEMOPLAF with funding from Vlams International (Belgium), is starting work to set up a clinic in Nueva Loja, Sucumbios. This will be the first family planning clinic in the Oriente, an area which because of the distance and cost has been historically underserved.

#### Non-Project Assistance Component

1. There has been staff turnover at the Dirección Nacional Médico Social, IESS. The new people in charge of the family planning program have trained medical and paramedical staff, which not only gave them skills, but motivated them to promote family planning.
2. The Mission decided that the Agreement with the MOF had to be modified, so an Action Memo was prepared and at the end of the reporting period was awaiting RLA clearance. It states that the policy component is important and the basic objective of the NPA should be retained. The changes proposed are the following: 1- USAID will accept the progress made to date by GOE institutions towards their benchmarks as meeting the standard of "overall progress" sufficient for the second disbursement and 2- USAID will enter into negotiations with the NPA participant institutions to modify and establish new conditions for the third tranche.

#### ESF Component

1. As part of an evaluation of a Georgetown University program, the evaluators visited the family planning project run by the Archbishopric of Cuenca. The feedback we received is that it is a worthwhile project and that if there are funds available the Mission should continue funding it.

#### Technical Assistance

1. SOMARC started giving TA to APROFE and CEMOPLAF to begin the social marketing programs.
2. INOPAL concluded several operations research activities with CEMOPLAF.
3. CDC prepared the annual Contraceptive Procurement Tables for the project.

#### 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 NGOs have a preponderance of female workers in their family planning clinics.

#### VIII. EVALUATIONS AND AUDITS

A mid-term evaluation was carried out in October 1994. RIG came down to evaluate the linkage between the project and the strategic objective. The RIG report will be presented during the next reporting period.

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

1. Issue: GDO staff spoke with PROFAMILIA (Colombia) staff, who have the most experience in USAID Endowment Funds. A number of issues have been raised.

Corrective Actions: APROFE and CEMOPLAF are preparing a proposal based on USAID guidelines. This will be the basis of their endowments, regardless of the actual funding mechanisms chosen.

2. Issue: The second tranche of the funds for the NPA still has not been disbursed.

Corrective Actions: GDO prepared an Action Memorandum in order to amend the conditions precedent for the second and third disbursements. At the end of this reporting period the Mission was waiting for the RLA's clearance.

#### X. MAJOR ACTIONS PLANNED FOR THE NEXT SIX MONTHS.

1. Implement recommendations from the evaluation.

#### PA Component

1. Start the social marketing programs.
2. AIDSCAP project will fund APROFE to educate formal groups of sex workers on STD and AIDS prevention.
3. Decide on the future of the APROFE and CEMOPLAF endowments.

#### N.P.A. Component

1. Modify the conditions of the Agreement and disburse the second tranche of funds.
2. Negotiate the conditions for the third and last disbursement.

#### ESF Component

1. Visit the Archbishopric of Cuenca and the Vicariate of Esmeraldas programs to help the Mission determine whether to increase their funding in 1995.

(F:15AR/GDO0084)

PROJECT STATUS REPORT  
October 1, 1994 - March 30, 1995

A \_ B X C \_

**Project Name:** Rational Pharmaceutical Management (RPM)  
**Project Number:** 936-5974.08  
**Project Funding:** N.A. - Field Support Funds  
**Project Officer:** Ken Yamashita  
**Major Contractor:** Management Sciences for Health  
**Life of Project:** \$200,000  
**Technical Office:** General Development Office

**Project Purpose**

This project provides assessment of drug use patterns and establishment of drug utilization review guidelines that could be applied by individual countries to improve prescribing practices, optimal drug therapy, and control costs.

In Ecuador, the project supports the Ministry of Health and works jointly with the World Bank in modernization of CEMEIN, the Ministry's central procurement agent.

**Mission Involvement**

The project was initiated in Washington during a visit by the Minister of Health to the World Bank. The World Bank requested project involvement inasmuch as the RPM project is seen as having a leadership position amongst donor agencies in terms of technical expertise. The USAID Mission involvement has been minimal to date.

**Strategic Objective - Indicators**

This project does not have an indicator that is directly related to the SO, although the modernization of CEMEIN will have a significant impact on the sustainability of health services.

**Strategic Objective - Program Outcomes**

The project supports Program Outcome No. 3, improving the policy and institutional environment for the long term sustainability of family planning and selected health services.

**Major Accomplishments to Date**

The project has prepared a detailed assessment of the essential drugs procurement process with recommendations for reform. These recommendations have been accepted by the Minister of Health and by World Bank officials.

**Current Status Including Major Issues**

The proposed reforms to CEMEIN have been slowed due to differences between the Ministry of Health and the World Bank as regards the future of the FASBASE project. Until such decisions are made, the component related to essential drugs will remain on hold.

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**PROJECT STATUS REPORT**  
**October 1, 1994 - March 30, 1995**

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**Project Name:** Catholic Relief Services - PVO Matching Grant  
**Project Number:** XXXXXXXXXXXXX  
**Project Funding:** XXXXXXXXXXXXX  
**Project Officer:** Ken Yamashita  
**Major Contractor:** Catholic Relief Services  
**Life of Project:** \$400,000  
**Technical Office:** General Development Officer

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**Project Purpose**

To improve health conditions in 120 communities in two Provinces, Chimborazo and Imbabura.

**Mission Involvement**

Mission reviewed the CRS proposal and recommended to USAID/W/PVO/BHR that the project be funded. CRS maintains close coordination with USAID. CRS activities support the USAID SO 2.

**Strategic Objective - Indicators**

This project will affect the indicators related to diarrheal disease and immunization. The project also has activities in health education and in microenterprise production and credit.

**Strategic Objective - Program Outcomes**

The project activities support Program Outcome No. 1, increase the use of selected health and family planning services, and No. 2, increase the effectiveness of selected health and family planning services.

**Major Accomplishments to Date**

CRS has been successful in reaching rural communities in the two target Provinces. The incidence of targeted diseases has diminished.

**Current Status Including Major Issues**

The Project is scheduled to end September 1995. Mission has not been informed of any extensions by PVO/BHR.

(FASARGDOCRS)

PROJECT STATUS REPORT  
October 1, 1994 - March 30, 1995

A    B X C   

**Project Name:** Project HOPE - PVO Matching Grant Grant  
**Project Number:** XXXXXXXX  
**Project Funding:** XXXXXXXX  
**Project Officer:** Ken Yamashita  
**Major Contractor:** Project Hope  
**Life of Project:** \$350,000  
**Technical Office:** General Development Officer

**PROJECT PURPOSE:**

This matching grant is a world wide project of which Ecuador is one of the implementation countries. The purpose of the project is to provide an integrated child survival and income generation program to approximately 5,000 family members in 52 communities of Manabi and Azuay Provinces.

**Mission Involvement**

Mission reviewed the Hope proposal and recommended its funding. Hope has maintained close contact with the Mission.

**Strategic Objective - Indicators**

This project will contribute to improvements in diarrheal disease and immunization coverage.

**Strategic Objective - Program Outcomes**

The project contributes to all three Program Outcomes of the SO, although indicators are available only for the first. The project will be especially important in establishing long term sustainability at the community level of health services, inasmuch as the income generated from productive activities will be utilized to improved health conditions.

**Major Accomplishments to Date**

This project has been highly successful in integrating concepts of village banking and income generation with improvements in primary health care. The women who are members of the village banks are not only improving their income generating capacity, but are changing their health seeking behavior in significant ways.

**Current Status Including Major Issues**

The project will end in September of 1995. Hope has applied to the Child Survival Project for additional funding to continue and expand the concept of integrating village banking, microenterprise and income generation, and primary health care.

(F:\SARGDOHOPE)

PROJECT STATUS REPORT  
October 1, 1994 - March 30, 1995

A X B \_\_\_ C \_\_\_

**Project Name:** International Eye Foundation - PVO Matching Grant  
**Project Number:** XXXXXXXX  
**Project Funding:** XXXXXXXX  
**Project Officer:** Ken Yamashita  
**Life of Project:** 150,000  
**Technical Office:** General Development Officer

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**PROJECT PURPOSE:**

This project is world wide in nature. Ecuador is one of the implementation countries of IEF.

The objective of this program is to provide young Ecuadorian ophthalmologists with an appropriate incentive to move to rural areas or smaller cities where no eye care services are currently available. The IEF has put together a comprehensive package of ophthalmic equipment that would enable some of these young professionals to go directly into private practice in under served areas.

**Mission Involvement**

Mission reviewed the original proposal and requested additional information before a recommendation was given. IEF maintains the Mission appraised of project progress.

**Strategic Objective - Indicators**

There are no direct SO indicators that are utilized by the project.

**Strategic Objective - Program Outcomes**

The project will support Program Outcome No. 3, improving the policy and institutional environment to ensure the long term sustainability of health services.

**Major Accomplishments to Date**

The project just initiated in early CY95.

**Current Status Including Major Issues**

The Mission was initially concerned with the Project because the activities did not fit within the SO 2 framework. After discussions with IEF, it was decided that IEF would make all efforts to ensure that the ophthalmologists trained under the program could be linked to NGOs working in primary health care services. Because ophthalmology is a lucrative practice, and because IEF is willing to fund the costs of a basic equipment, improving ophthalmological services within an NGO will help the NGO improve its sustainability, and allow for cross subsidies to other primary health care services.

The SO team will continue to monitor the activities of IEF to ensure that such synergies are achieved.

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PROJECT STATUS REPORT  
October 1, 1994 - March 30, 1995

A    B X C   

**Project Name:** Plan International - PVO Matching Grant  
**Project Number:** xxxxxxxx  
**Project Funding:** xxxxxxxx  
**Project Officer:** Ken Yamashita  
**Major Contractor:** Plan International  
**Life of Project:** \$306,260  
**Technical Office:** General Development Officer

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**PROJECT PURPOSE:**

The project purpose is to improve health conditions in 147 rural communities in the provinces of Azuay and Cañar.

**Mission Involvement**

The Mission reviewed the proposal and submitted comments; in particular Mission was concerned with the sustainability of projects and with possible overlap in project areas with Project Hope and with USAID Child Survival efforts. These concerns were addressed in a meeting with Plan officials.

**Strategic Objective - Indicators**

The project will have an impact on incidence of diarrheal disease and on immunization rates.

**Strategic Objective - Program Outcomes**

The project supports Program Outcome No. 1, increase the use of health services.

**Major Accomplishments to Date**

The project just began. The detailed implementation plan was submitted on March 15th. The project will go through September 1997.

**Current Status Including Major Issues**

No major issues to report at this time.

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SEMIANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE THREE  
"Improved Responsiveness of Selected Democratic Institutions with Greater Citizen Participation"  
October 1, 1994 - March 31, 1995

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) and the Justice Reform Support Project (JRSP) (518-0105).

Progress toward achievement of the strategic objective (SO) continues to be good. The JRSP has accomplished its goals for the period. The Action Plan for the Justice Sector (Action Plan) was completed during the reporting period. This document, the first of its kind in Ecuadorian history, was produced by the Justice Sector Working Group (JSWG) formed under the project in 1993 and where representatives from all justice sector institutions are represented. The Action Plan was approved by the government as Ecuador's official policy for judicial reform. With the approval of the plan USAID/Ecuador has succeeded in making judicial reform a topic of national importance and has helped Ecuador initiate and accelerate its judicial reform process.

The Action Plan was also used as the basis for informal discussions with other donors that are active in this area: the World Bank, the Interamerican Development Bank, the United Nations and the European Community. As a result of these consultations the GOE and the principal donors have come to an agreement on which of the reform areas each of them will support. Here again the Mission has succeeded in setting the basis for the involvement of other donor institutions in the Ecuadorian reform process. Indeed, thanks to USAID/Ecuador's and the GOE's efforts Ecuador has now a consistent judicial reform policy.

These efforts have been supported by the private sector through the CA with CLD. Through this agreement the Mission has assured the development of a capacity in the private sector to support the Ecuadorian judicial reform efforts. (For more details see Section 2).

Thirty-one Master's degree participants continued in training under EDSP. Four follow-on workshops were held for returned participants and three individual case studies were conducted. The mid-term evaluation found that the project has achieved its objectives: that trainees are employed in their fields of expertise, are applying their skills and have increased their responsibilities on the job and in community affairs. Funding reductions will result in the project's training approximately 105 participants less than originally targeted (140 instead of 245) and will make it necessary to terminate local project activities 13 months earlier than planned.

RTAC also continues its steady progress. Sales during this period compared to the previous one, have increased 62%, which demonstrates that the academic support program, as well as the innovative ideas being implemented by CODEU to promote and better market the program are starting to render the expected results. Also, if we compare the total amount deposited in the reflow account since the beginning of the project with the total funds donated for textbooks we can determine that 78% of the donated capital has been recovered; thus, we can assume that by the PACD in September, 1996, the recuperation of the donated capital would be 168%, which assures the operation of the program in the future.

2. Significant Sector Developments and Issues Relating to SO 3

Under the LSGA with the GOE the Action Plan was completed and approved as Ecuador's official policy for judicial reform. Additionally the Action Plan was presented to the donor community and has served as the basic tool for coordination among the donors (see preceding Section). A formal donors meeting will take place during the next reporting period.

Also under the LSGA, the Prisoners in Preventive Detention Database (the Database) was designed and implemented during the reporting period. The Database contains relevant information on the prisoners in preventive detention in the country and serves as a powerful tool for reducing average pre trial detention time. As a result of the implementation of the Database six hundred prisoners that were illegally detained were freed in the first two months. The Database will be additionally used to track judges' performance. According to experts, this Database is the only one of its kind in the region. Through this activity, the Mission provided the GOE the opportunity to recognize the benefits of court directed computer technology in particular, and of the reform process in general.

Observational trips to Uruguay, Argentina, Chile, Colombia, Costa Rica and Puerto Rico were organized for high authorities of the justice sector institutions including the current President of the Supreme Court who had the opportunity to observe reform efforts in these countries in virtually every reform area.

CLD's CA was extended for fifteen additional months during the reporting period. CLD has continued to actively promote public understanding of and support for Ecuadorian judicial reform. CLD designed and implemented a Public Opinion Campaign which centered on the idea of marketing the judicial reform process as a national goal. The campaign consisted of a series of ads that appeared in newspapers and magazines and was favorably commented on by all social sectors. CLD also produced a series of publications on reform related matters including CLD's bulletin, a CLD book on judicial reform in Ecuador co-authored by prominent reform leaders and experts, and a total of six technical booklets on different subjects of the reform process.

CLD has continued providing the Quito and Guayaquil Working Groups with technical and secretariat support. The Groups were actively involved in the preparation and discussion of the constitutional reforms that will be introduced during the next reporting period. The groups also worked on major pieces of legislation including critical reforms to the Cassation Law.

CLD has taken important steps for the development of its Board of Directors (BOD). New authorities were elected and the new members of the BOD have been actively participating in the preparation of CLD strategies to further strengthen the organization.

The program description for the extension of CLD's CA includes the components of the original CA and two additional components: (1) strengthening of judges' management skills; and (2) promoting methods for reducing the number of cases processed by the courts.

In the RTAC project, under the academic support component, conferences on "Total Quality Applied to University Teaching" were offered to 20 universities during this reporting period. The core material utilized was provided by the University of Maryland and translated into Spanish. As a result of this activity, CODEU affirms that the use of textbooks is increasing and the degree of fulfillment of adoptions is better than in previous periods. Also under this component CODEU has promoted within Ecuadorian universities the idea of creating centers for teaching excellence. To implement this program, several contacts have been made with the University of Maryland, who have confirmed their assistance for this pilot project which is expected to start within the next reporting period.

### 3. Monitoring of Strategic Objective Indicators

The SO indicators and program output indicators were modified and the revised tree presented in the FY 95-96 Action Plan. The judicial reform and NGO-institutional strengthening indicators are on target. The Mission will have to revise these indicators depending on if the Mission will authorize a new judicial reform project or if it will continue with the JRSP. The EDSP mid-term evaluation was conducted in November, 1994. It found that the project was on target in achieving its S.O. indicators. RTAC indicators are also on target.

### 4. Recent Developments in Policy Dialogue Related to SO 3

In addition to USAID, other international donors (the World Bank, the Interamerican Development Bank and the United Nations) have demonstrated strong interest in providing technical or financial assistance to the Government of Ecuador (GOE) for judicial reform. Indeed, the World Bank and the Interamerican Development Bank have come to an agreement with the Government of Ecuador on which areas each institution will support. The two institutions will start the design of their projects at the beginning of the next reporting period. This crucial development for Ecuador's judicial reform could not have been achieved without the preparation and approval of the Action Plan, which has already served as an important tool for donor coordination. Since 1993, USAID/Ecuador's efforts in policy dialogue in the judicial reform area have been directed to the achievement of these crucial accomplishments.

Also as a result of USAID/Ecuador's policy dialogue agenda, a meeting between the government of Ecuador and the donor institutions will be held in the next reporting period. This will give the parties the opportunity to discuss the Action Plan in greater detail and to identify actions to be taken in the future regarding the development of the justice system.

### 5. Review of Issues and Actions from the Last SAR

1. Rule of Law: No important issues surfaced during the reporting period. All actions from the last SAR were accomplished. The preparation of the Action Plan was delayed by around two months due to the border conflict between Ecuador and Peru which diverted Government Officials' attention from the project, especially those officials directly related to the preparation of the Action Plan, including representatives of the Supreme Court, the Presidency of the Republic and the Chief of Staff's Office. At this time the Action Plan has been delivered and approved. The Mission has yet to make a determination on whether the JRSP will be further extended or a new Rule of Law project will be authorized in 1996.

2. RTAC: The issue of the distortion of prices in the market generated by several publishers persists, in spite of the Tripartite Agreement between publishers, distribution centers and the contractor (BIS), which was supposed to be in effect as of January, 1995. CODEU has proposed a new initiative to develop the Integrated Information Network to identify the global demand of RTAC bestsellers that can be subject to special price negotiations with publishers in order to lower prices to the final consumers and maintain the spirit of the project. CODEU will insist on this initiative during the next annual meeting of the project.

3. EDSP: Participant target levels were not revised since it was necessary to revise the project budget again in light of further funding reductions. However, it is clear that no more training can be financed under the project. As existing funding is insufficient to maintain the local project office past August, 1995, "buy ins" by technical offices will not be possible.

### 6. Major Actions for the Next Six Months

1. Donors Meeting at which the Action Plan for the Justice Sector will be presented and discussed.
2. Extension of LSGA with the Government of Ecuador.
3. Delivery of CLD's Workplan for the implementation of its amended CA.
4. Visit of the team from the Center for Teaching Excellence of the University of Maryland to conduct a two-week workshop for trainers of Ecuadorian universities, who will then establish similar Centers in their institutions (RTAC).
5. The local EDSP office will close on August 31, 1995. The World Learning contract will be modified to effect this partial termination.

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**PROJECT STATUS REPORT**  
October 1, 1994 - March 31, 1995

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**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 09-30-87 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  
 USAID/Ecuador Proj. Officer: Jennifer Stimson  
 Status of CPs/Covenants: N/A  
 Date of Last Evaluation: 11-94 Next evaluation: N/A  
 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	\$6,878,959
Amount Obligated:	DA Grant: original	\$ 75,000	Last amend	\$6,519,517
Amount Committed:	Grant - Period:	\$ 0		
	Cumulative:	\$6,519,517		
Current FY Oblig.:	Grant:	\$ 0		
Accrued Expenditures:	Grant:			
	Period - Projected:	\$ 0		
	Period - Actual:	\$ 0		
	Cumulative:	\$6,169,040		
	Period - Next:	\$ 0		
Counterpart Contribution:	Planned:	\$ 0		
	Actual:	\$ 0		
% LOP Elapsed:				100
% of Total Auth. Oblig. (Grant)				95
% of Total Oblig. Exp. (Grant)				95
% of Total Auth. Exp. (Grant)				90

**II. MAJOR OUTPUTS:**

	PLANNED				ACCOMPLISHED							
	LOP		PERIOD		CUM		NEXT PERIOD		% OF LOP			
	M	F	M	F	M	F	M	F	M	F		
1. Training (persons)												
Long term	52	38	0	0	52	38	0	0	52	38	100	100
Short term	181	139	0	0	181	139	0	0	176	147	97	106

**III. PROJECT DESCRIPTION**

The Andean Peace Scholarship Program (APSP) 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 percent of the participants were required to be disadvantaged and 40 percent 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 APSP was 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 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 (average six 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 FY 91. A total of 413 Ecuadorians received APSP training, including 90 long-term participants and 323 short-term participants (three more than were planned for). APSP/Ecuador

exceeded Congressional mandates for 40 percent participation by women and 70 percent participation by disadvantaged participants with 44 percent women and 83 percent 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 CLASP Alumni Association is now organized around provincial chapters.

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

Both the U.S. and in-country contractors' accounts have been closed and no more expenditures will be accrued.

#### VI. PROGRESS DURING REPORTING PERIOD

1. Publication of the two issues of the participant newsletter was delayed by problems with the participants' editorial committees.
2. RCO reinitiated contract close-out procedures, which had started during the previous period but were stopped because additional documentation was required of the contractor.
3. The Project Assistance Completion Report was prepared.
4. Surplus funds in the Development Associates contract were not deobligated as planned. The LAC Bureau has informed the Mission that it is unlikely these funds will be returned to the Mission.
5. Aguirre International evaluated the impact of long-term APSP programs in November, 1994. The evaluation found that APSP training supported the development of change agents who are contributing to the development goals of the country. As a result of the trainees' movement into high status jobs, they are influencing business and government policy and programs at a higher level than before.

#### VII. GENDER CONSIDERATIONS

APSP/Ecuador exceeded the Congressional mandate for 40 percent participation by women with a total of 44 percent 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 percent 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 was conducted in November 1994, at the same time as the mid-term EDSP evaluation. The APSP evaluation was financed using EDSP funds. An independent financial compliance audit of the World Learning contract was conducted in April 1993.

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

1. Issue: Surplus funds in the Development Associates contract were not deobligated as planned. The LAC Bureau informed the Mission that it is unlikely that these funds will be returned to the Mission.

Corrective Action: Not possible.

#### X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

None. This is the last semiannual to be prepared for this project.

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**PROJECT STATUS REPORT**  
October 1, 1994 - March 31, 1995

A X B \_\_\_ C \_\_\_

**I. BACKGROUND DATA**

Project Title: Ecuadorian Development Scholarship Program (CLASP II)  
 Project Number: 518-0091  
 Date of Authorization: original 05-02-91 last amendment N/A  
 Date of Obligation: original 07-31-91 last amendment 03-21-95  
 PACD: original 09-30-97 amended to N/A  
 Implementing Agencies: World Learning, Inc. (WLI) (formerly the Experiment in International Living (EIL))  
 USAID/Ecuador Proj. Officer: Jennifer Stimson  
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 11-94 Next evaluation: N/A  
 Date of Last Audit: 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: 1

**FINANCIAL DATA**

Amount Authorized: DA Grant: original \$6,600,000 last amend \$0,000,000  
 Amount Obligated: DA Grant: original \$ 702,283 last amend \$4,476,877  
 Current FY Oblig: Grant: \$ 43,955  
 Amount Committed: Grant - Period: \$ 43,955  
 Cumulative: \$4,476,877

Accrued Expenditures: Grant:  
 Period - Projected: \$ 621,878  
 Period - Actual: \$ 728,100  
 Cumulative: \$3,377,874  
 Period - Next: \$ 531,889\*

Counterpart Contribution: Planned: \$ N/A  
 Actual: \$ N/A

% LOP Elapsed: 59  
 % of Total Auth. Oblig. (Grant): 68  
 % of Total Oblig. Exp. (Grant): 75  
 % of Total Auth. Exp. (Grant): 51

\* The amount originally projected for next period was \$744,732 It has been changed to reflect modifications due to funding reductions.

**II. MAJOR OUTPUTS:**

	PLANNED				NEXT				ACCOMPLISHED				% OF LOP	
	PERIOD		CUM		PERIOD		CUM		PERIOD		CUM			
	M	F	M	F	M	F	M	F	M	F	M	F		
Training (persons)	30	19	0	0	29	20	0	0	0	0	29	15	97	79
Long-term														
Short-term	117	79	0	0	88	59	0	0	0	0	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, 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 U.S.-based training for current and potential leaders. At least 70 percent of the participants shall be disadvantaged and 40 percent shall be women.

**IV. RELATIONSHIP OF PROJECT TO MISSION STRATEGIC OBJECTIVE**

1. The Ecuador Development Scholarship Program contributes to Strategic Objective No. 3 (SO 3) by equipping current and potential leaders with the leadership and technical/academic skills needed to sustain a democratic society and by exposing them to the workings of a free enterprise economy in a democratic society.

One program performance indicator has been established for EDSP: the percent of CLASP II trainees demonstrating more effectiveness in community professional or institutional activities. 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 applying new skills. Data on the program performance indicator and the third and fourth program output indicators will be collected through questionnaires and case studies (by 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.

2. Percent of LOP funds relating to SO: 100 percent.

#### 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 (average six weeks) and 49 long-term (12 to 24 months). All training must take place in the U.S. or Puerto Rico and include an "Experience America" cultural component. Follow-up activities are conducted in order to increase the effectiveness of the training.

To date, 96 short-term participants and 44 long-term participants have received or are receiving training in support of the Mission's strategic objectives. EDSP scholarships will enable 31 Ecuadorians to obtain Master's degrees in agricultural economics, agrobusiness, biotechnology, wood science, horticulture with an emphasis in postharvest, business administration, finance, and ceramics engineering in support of increased sustainable economic growth (SO1); natural resources, conservation biology, coastal resources, environmental engineering and ecotourism to contribute to the conservation of natural resources (SO4); and public health administration to improve the quality of health services (SO2). The project has exceeded the target of 70 percent disadvantaged participants with 84 percent disadvantaged participants to date. Progress has been good but financial limitations will make it impossible to meet the original targets.

#### VI. PROGRESS DURING REPORTING PERIOD

1. **Funding:** The decision was made not to fund the World Learning contract beyond current obligated levels. Without the additional \$800,000 which were anticipated for obligation in FY95, the project is unable to finance any more scholarships or to continue to provide local follow-on activities past August, 1995. U.S.-based monitoring will continue through the original contract termination date of September 1996. World Learning revised the budget accordingly. Plans were made to maximize the use of remaining funds by decreasing the contractor's level of effort while increasing the number of follow-on activities to be provided before the local office closes.
2. **Short-term training:** Plans for a short-term training program for AIDS organizations were suspended as a result of funding reductions. As existing funding is insufficient to maintain the local office past August, 1995, "buy-ins" by technical offices will not be possible.
3. **Long-term training:** Thirty-one master's participants continued their U.S.-based training programs. Nine out of twelve participants completing their programs in the summer of 1995 will graduate with straight A averages. Site visits were made to fifteen universities. World Learning provided reentry information to the FY93 participants scheduled to return next semester and administered an Experience America questionnaire to gather data on the strategic objective indicator that measures "exposure to democracy".
4. **Follow-on:** Technical workshops were held for FY93 Auxiliary Nurses, FY 92 Supervisors of Health Promoters, FY92 Agricultural High School Teachers, and FY93 Natural Resource Administrators. Three individual case studies were conducted on participants in the FY93 Natural Resource Administrators Program,

the FY92 Health Supervisors Program, and the FY92 Women in Agriculture Program. Publication of a "workbook" on natural resources and a participant newsletter was delayed by the participants' editorial committees.

5. The mid-term evaluation was conducted by Aguirre International in November, 1994. The findings were that the project is "effectively and in many cases creatively implemented in all aspects of the training cycle" and that the "trainees are employed upon their return and are applying their training in their principal employment or community activity."
6. The World Learning contract was amended to incorporate funding for two focus groups with APSP and EDSP returnees to collect grassroots data for Strategic Objective 1. The focus groups were organized by the contractor and conducted by Rae Blumberg. World Learning's contract was not amended as planned nor were participant targets adjusted since it was necessary to revise the budget again in light of further funding reductions.

#### VII. GENDER CONSIDERATIONS

By Congressional mandate, at least 40 percent of EDSP participants must be women. Fifty-three percent of EDSP participants in the first three years of the project were women. Forty-four percent of master's participants are women.

#### VIII. EVALUATIONS AND AUDITS

The mid-term evaluation was conducted in November 1994. It concluded that the project has been successful to date in achieving its objectives. Due to financial restrictions and the late timing of the mid-term evaluation, a final evaluation will not be conducted. In addition to the mid-term evaluation, 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 decision not to fund the World Learning contract beyond current obligated levels will result in the project's training approximately 105 participants less than originally targeted (140 instead of 245). Obligated funds are sufficient to pay for the Master's participants currently in training and to provide U.S.-based monitoring through September, 1996. However, the local EDSP office which provides follow-on support will need to close at the end of August, 1995.

**Corrective Action:** As stated, the World Learning contract will be partially terminated on August 31, 1995.

#### X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Long-term training: Twelve master's participants will graduate and be debriefed after they return to Ecuador.
2. Follow-on: Technical workshops will be held for the following groups: FY93 Amazon Region Community Leaders, FY92 Leaders of Nontraditional Agricultural Producer Associations, FY92 Supervisors of Health Promoters, FY92 Women in Agriculture, FY93 Auxiliary Nurses, and FY92 Agricultural High School Teachers.

One "workbook" and one participant newsletter will be published. World Learning will conduct one individual case study.

3. The local EDSP office will close on August 31, 1995. The World Learning contract will be modified to effect this partial termination.

(FASARGDO0091)

**PROJECT STATUS REPORT**  
October 1, 1994 - March 31, 1995

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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 12-31-94  
 PACD: original 09-24-96 amended to N/A  
 Implementing Agencies: Corporación para el Desarrollo de la Educación  
 Universitaria (CODEU)  
 Major Contractors: Aguirre International  
 Books, Information & Services (BIS)  
 AID Project Officer: Susana Winter  
 Status of CPs/Covenants:  
 Date of Last Evaluation: August, 1994 Next evaluation: 11-95  
 Date of Last Audit: July, 1994 Next audit: 05-95  
 Planned # of yearly audits: one # of such audits completed  
 during reporting period:  
 none

**FINANCIAL DATA**

Amount Authorized:	DA Grant: original	\$1,055,100	last amend	\$1,522,346
Amount Obligated:	DA Grant:	\$1,522,346		
Current FY Oblig:	Grant:	\$0,000,000		
	Loan:	\$0,000,000		
Amount Committed:	Grant - Period:	\$ 000,000		
	Cumulative:	\$1,522,346		
Accrued Expenditures:	Grant:			
	Period - Projected:	\$ 39,000		
	Period - Actual:	\$ (281,003) (a)		
	Cumulative:	\$1,097,682		
	Period - Next:	\$ 22,000		
Counterpart Contribution:	Planned (LOP):	\$ 20,322		
	Period:	\$ 52,537 (b)		
	Cumulative:	\$ 250,998		
	% LOP Elapsed:	71		
	% of Total Auth. Oblig. (Grant)	100		
	% of Total Oblig. Exp. (Grant)	72		
	% of Total Auth. Exp. (Grant)	72		

(a) AOCs not received from USAID/W, although expenses incurred.  
 (b) As of January 1993, CODEU is covering its operation with its own funds.  
 (c) E.R. S/2344 = \$1

**II. MAJOR OUTPUTS:**

	PLANNED			NEXT		ACCOMPLISHED		% OF LOP
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM		
1. Books provided	300,000	20,000	165,000	20,000	22,631	220,007	73	
2. Books sold	250,000	20,000	150,000	20,000	23,501	104,964	42	
3. Reflow account					263,782	1,087,766		

**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, by which university professors select titles to be adopted as required textbooks for their courses based on information provided in the RTAC II catalog. As of August 1994 the expansion of the catalog to cover all academic areas was approved by USAID/W and the new catalog contains more than 12,000 titles, published in several countries.

**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

- Progress toward purpose achievement has improved during this period. Sales during this period compared to the previous one, have increased 62%, which demonstrates that the academic support program, as well as the innovative ideas being implemented by CODEU to promote and better market the program are starting to render the expected results.

- Also, if we compare the total amount deposited in the reflow account since the beginning of the project (\$1,087,766) with the total funds donated for textbooks (\$1,394,600), we can determine that 78% of the donated capital has been recovered; thus, we can assume that by the PACD in September, 1996, the recuperation of the donated capital would be 168%, which assures the operation of the program in the future.

- During this semester, total sales amounted to 23,501 books for S/823,715,766 (\$351,415 at the E.R. of S/2344 per \$1), of which 75 percent were channelled through the distribution network. \$263,782 were deposited in the reflow account during this semester. The total amount deposited in this account since December 1991 is \$1,087,766. To maintain clean inventories, CODEU has proposed to return to the publishers 7,995 books of slow movement.

#### VI. PROGRESS DURING REPORTING PERIOD

1. The eighth adoption period took place with the participation of promoters from 7 publishing companies, who made direct visits to universities. However, through the Bibliographic Orientation Centers operated by CODEU in Quito and Guayaquil, adoptions were gathered for several other publishers, which raised the total number of publishers to 14 for this period. 535 professors adopted texts on this occasion.

2. Under the academic support component: a) Conferences on "Total Quality Applied to University Teaching" were offered to 20 universities during this reporting period. The core material utilized was provided by the University of Maryland and translated into Spanish. As a result of this activity, CODEU affirms that the use of textbooks is increasing and the degree of fulfillment of adoptions is better than in previous periods. Within the university environment, RTAC II is considered as an academic support project that helps improve higher education, and not only as a commercial venture. b) CODEU has promoted within Ecuadorian universities the idea of creating centers for teaching excellence. To implement this program, several contacts have been made with the University of Maryland, who have confirmed their assistance for this pilot project which is expected to start within the next reporting period. USAID/Ecuador supports this activity and has approved the use of PD&S funds.

3. During this reporting period, CODEU/RTAC II participated in several book fairs, the most important of which was the "Feria del Libro Universitario y Politécnico", sponsored by CODEU and CONUEP as part of the festivities of Quito in the month of December. Special fairs were presented at 10 universities. As in previous years, CODEU participated in the International Book Fair in Guadalajara, where important new contacts were made for the provision of books from countries such as Spain, Chile, Colombia and Argentina.

4. At the request of the Minister of Education, CODEU organized a symposium in the month of February to which several publishers were invited to present their primary and secondary textbooks to the team of the Ministry involved in the selection of new titles in accordance with the curriculum reform. This was a special service to the Minister, as for the moment CODEU wishes to strengthen its ties with universities and does not want to get involved in primary and secondary textbooks. However, a permanent showcase with samples provided by interested publishers is open to teachers of primary and secondary levels in a special location provided by CODEU.

5. To inject new life to the bookstores operated by the Ministry of Education at national level, CODEU signed an agreement to provide the stores in Quito, Guayaquil and Cuenca with RTAC textbooks. Results have been positive thus far.

6. As part of the new initiatives to promote the program, during this reporting period the RTAC catalog was made available through INTERNET, to which all Ecuadorian universities have access, as well as a large number of private institutions. CODEU has also taken advantage of several publications on education and press notes to promote the RTAC program.

7. In order to increase sales, CODEU has created new mechanisms that have been presented to several universities. These are: a) the Textbook Bonus for Libraries (BBT); b) the Textbook Bonus for Students (BEL); and c) the Textbook Bonus for Professors (BLD). Regarding the BEL, CODEU is developing a pilot project with the Universidad Tecnológica Equinoccial, to start its implementation in October, 1995. Each student will have at least four textbooks per year related to the most important subjects of its career. If the results are as expected, it would mean that sales of RTAC textbooks would increase by about 20,000 books per year and would certainly improve the quality of education and the teaching/learning process, in this university. Efforts will continue with other universities that have expressed interest in these new mechanisms.

8. The Manager of CODEU is the President of the Committee of Distribution Center Managers and the USAID/Ecuador RTAC II Project Officer is the representative of USAID Coordinators to the Committee. In this regard, USAID/CODEU, have developed a plan for the institutional strengthening of the distribution centers, mainly geared to: a) improve the services provided by BIS to the centers, especially in regards to an effective negotiation of special prices for RTAC with the main publishers; b) design a long term policy to integrate the centers in one entity that can negotiate better prices and special RTAC editions with publishers to benefit students and professors in the region.

#### 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

None during this reporting period.

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

1. Issue: The issue of the distortion of prices in the market generated by several publishers persists, in spite of the Tripartite Agreement between publishers, distribution centers and the contractor (BIS), which was supposed to be in effect as of January, 1995.

Corrective action: Besides an ongoing promotion of RTAC in the country and especially of its lower prices, CODEU insists that the contractor in Mexico (BIS) should improve its negotiation capacity with publishers in view of the volume of textbooks bought by the project every year. In the last meeting of the Committee of Managers, CODEU proposed a new initiative (and presented a draft) to develop the Integrated Information Network (REININ) to identify the global demand of RTAC bestsellers that can be subject to special price negotiations with publishers in order to lower prices to the final consumers and maintain the spirit of the project. CODEU will insist on this initiative during the next annual meeting of the project.

2. Issue: The project still has not penetrated as it should in the largest public Ecuadorian universities - Central in Quito and Estatal in Guayaquil.

Corrective actions: Although the situation has improved compared to the previous period, CODEU is in close contact with the maximum authorities of these two universities to sign agreements with both to establish bookstores within these campuses, operated by CODEU. The conversations have been positive and final results are to be determined by the respective University Councils.

3. Issue: Adoptions of textbooks generated by professors in the Bibliographic Orientation Centers of Quito and Guayaquil managed by CODEU are better reflected on sales than those presented by promoters of the publishing companies.

Corrective action: CODEU is proposing to the publishers the implementation of a new adoption system by which the promoters of the publishers will work closely with the promoters of CODEU. This should have an impact on more adequate quantities and number of titles for each adoption period. CODEU will strengthen this process with a data base that is being developed with information collected from each university.

4. Issue: The lack of an adequate management information system is still causing problems for a timely delivery of orders to bookstores.

Corrective action: CODEU has contracted the design of a new management information system, which should be in place during the next reporting period. New hardware and software will be bought to complement the existing ones.

#### X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Ninth adoption period (2nd semester 1995) from April 15 to May 30, 1995. Arrival of books in country by mid August, 1995.

2. Organization of the IX Annual RTAC II Meeting, delegated by the Committee of Distribution Center Managers. (September 1995)

3. Visit of the team from the Center for Teaching Excellence of the University of

Maryland to conduct a two-week workshop for trainers of Ecuadorian universities, who will then establish similar Centers in their institutions. (Mid-June/95)

4. Establish RTAC II bookstores in Universidad Central de Quito and Universidad Estatal de Guayaquil. (By September/95)

5. Follow-up of the new mechanisms to increase sales already presented at several Ecuadorian universities, which are being studied by university councils. (Ongoing)

6. Annual audit of the project. (May-June/95)

7. New management information system in operation in CODEU. (July/95)

(FAGD00095)

**PROJECT STATUS REPORT**  
September 30, 1994 - April 30, 1995

A X B C

**I. BACKGROUND DATA**

Project Title: Justice Reform Support Project  
 Project Number: 518-0105  
 Date of Authorization: original 09-23-93 Last amendment 03-17-95  
 Date of Obligation: original 09-24-93 last amendment 03-31-95  
 PACD: original 09-22-95 amended to 04-30-96  
 Implementing Agencies: GOE, Corporación Latinoamericana para el Desarrollo  
 Major Contractors: N/A  
 USAID/Ecuador Proj. Officer: Christof Baer  
 Status of CPs/Covenants: N/A

Date of Last Evaluation: N/A Next evaluation: 04-30-95  
 Date of Last Audit: 05-27-94 Next Audit: 05-31-95  
 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 \$1,000,000 last amend \$2,000,000  
 Amount Obligated: DA Grant: original \$ 500,008 last amend \$1,259,873

Current FY Oblig.: Grant: \$ 260,000  
 Amount Committed: Grant - Period: \$ 179,313  
 Cumulative: \$ 976,743

Accrued Expenditures: Grant: \$ 380,000  
 Period - Projected: \$ 281,035  
 Period - Actual: \$ 698,772  
 Cumulative: \$ 340,000  
 Period - Next:

Counterpart Contributions: Planned: \$ 535,000  
 Actual: \$ 206,857

percent LOP Elapsed: 58  
 percent of Total Auth. Oblig. (Grant) 63  
 percent of Total Oblig. Exp. (Grant) 55  
 percent of Total Auth. Exp. (Grant) 34

**II. MAJOR OUTPUTS\***

	PLANNED			NEXT		ACCOMPLISHED		% OF LOP
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	LOP	
1. Number of laws drafted	4	2	3	1	2	3	75	
2. Studies completed	3	1	1	2	1	1	33	

**III. PROJECT DESCRIPTION**

The Justice Reform Support Project consists of two separate agreements: (1) a Limited Scope Grant Agreement (LSGA) with the Government of Ecuador (GOE); and, (2) a 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 LSGA provides funding for: (1) a Justice Sector Working Group (JSWG) composed of 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/Ecuador, and the private sector. The primary purpose of this Working Group is to design an Action Plan for the Justice Sector 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; (3) travel for public and private sector officials to observe judicial reform efforts in other countries; (4) project management; and, (5) audit and evaluation.

Six sets of activities will be funded under the CA with CLD: (1) Judicial Reform Constituency Building and Public Education. Under this component CLD promotes 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, and the drafting of legislation; (3) Strengthening of Judges' Management Skills, through a training program for judges and court personnel; (4) Promoting methods for reducing the number of cases processed by the courts; (5) CLD institutional Development; and (6) Monitoring and Evaluation.

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#### IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

1. The administration of justice in Ecuador is in a state of crisis. The growth in Ecuador's population over the last twenty 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 (SO 3), "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 legislative reforms. Finally, the project will support the institutional strengthening of a local NGO working in the area of judicial reform, thereby creating a local capability for future efforts in this area.
2. One hundred percent of the LOP funds relate to SO 3.

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

The purpose of the Judicial Reform Support Project is to support Ecuadorian judicial reform efforts and GOE activities to improve the administration of justice.

Progress towards achievement of the project's purpose has been good. The Action Plan for the Justice Sector (Action Plan) was completed during the reporting period. This document, the first of its kind in Ecuadorian history, was authored by the Coordinator that was contracted for this purpose working in close collaboration with the JSWG. The Action Plan was presented to the JSWG and to representatives of the GOE and was approved as Ecuador's official policy for judicial reform. The Action Plan was also informally discussed with other donors that are active in this area: the World Bank, the Interamerican Bank for Development, the United Nations and the European Community. As a result of these consultations the GOE and the principal donors have come to an agreement on which of the reform areas each of them will support.

The above mentioned actions have been crucial to successful implementation of USAID/Ecuador's strategy of making judicial reform a topic of national importance, helping Ecuador accelerate its judicial reform process, and setting the basis for the involvement of other donor institutions in the Ecuadorian reform process. Indeed, thanks to USAID/Ecuador's and the GOE's efforts Ecuador has now a consistent judicial reform policy which has already served as an effective tool for involving the other donors and the government itself in a coordinated manner. Both the World Bank and IDB will start judicial reform projects in the near future.

These efforts have been supported by the private sector through the CA with CLD. Under this agreement a public awareness campaign was designed and implemented during the reporting period. CLD has succeeded in carrying out the majority of activities required under the CA. For more details see Section VI.

#### VI. PROGRESS DURING REPORTING PERIOD

1. Under the LSGA with the GOE the Action Plan was completed and approved as Ecuador's official policy for judicial reform. Additionally the Action Plan was presented to the donor community and has served as the basic tool for coordination among the donors (see preceding Section). A formal donors meeting

will take place during the next reporting period.

Also under the LSGA, the Prisoners in Preventive Detention Database (the Database) was designed and implemented during the reporting period. The Database contains relevant information on the prisoners in preventive detention in the country and is capable of providing reports that serve the judges as a tool to process older cases first therefore reducing the average time that prisoners in preventive detention serve in jail. As a result of the implementation of the Database six hundred prisoners that were illegally detained were freed in the first two months. The Database will be additionally used to track judges' performance. Finally, the Database has been instrumental in demonstrating the use of computer technology in case tracking and will serve as a model for other systems to track civil cases. According to experts, this Database is the only of its kind in the region.

Observational trips to Uruguay, Argentina, Chile, Colombia, Costa Rica and Puerto Rico were organized during this reporting period. Thirty participants, high authorities of the justice sector institutions including the current President of the Supreme Court, as well as private lawyers and members of the non governmental reform movement had the opportunity to observe reform efforts in these countries in virtually every reform area: procedural law including oral procedures, the accusatorial system in penal procedures and the role of public defenders and prosecutors; organization of the Judicial Power with emphasis on the role of the Supreme Court; judicial career and human resource development for the justice system; court administration and the use of technology in courtroom management; alternative dispute resolution; and, backlog management.

2. CLD's CA was extended for fifteen additional months during the reporting period. All expected outputs under the original CA were accomplished successfully. Under the Judicial Reform Constituency Building and Public Education component CLD has continued to actively promote public understanding of and support for the Ecuador judicial reform. CLD designed and implemented a Public Opinion Campaign which centered on the idea of marketing the judicial reform process as a national goal. The campaign consisted of a series of ads that appeared in newspapers and magazines and was favorably commented on by all social sectors. As a result of the campaign public discussion of the problems that the judicial system faces has greatly increased. Also under this component CLD has produced a series of publications on reform related matters including CLD's bulletin and a CLD book on judicial reform in Ecuador co-authored by prominent reform leaders and experts. This book will be printed and published in the next reporting period.

Under the Judicial Reform Technical Support component CLD has continued providing the Quito and Guayaquil Working Groups with technical and secretariat support. The Groups were actively involved in the preparation and discussion of the constitutional reforms that will be introduced during the next reporting period. The groups also worked on major pieces of legislation including reforms to the Cassation Law and the Organic Law of the Judicial Function. Also under this component CLD produced a total of six technical publications on different subjects of the reform process.

Under the Institutional Strengthening component CLD has taken important steps for the development of its Board of Directors (BOD). New authorities were elected and the new members of the BOD have been actively participating in the preparation of CLD strategies to further strengthen the organization. CLD's library has continued to grow and will be opened to the public in the next reporting period to serve as an important resource for the judicial reform process.

Under the Monitoring and Evaluation Component CLD concluded the design of a system to monitor selected aspects of the reform process (i.e. the effectiveness of the Cassation Law, and the impact of the Prisoners in Preventive Detention Database). CLD will start implementing the monitoring and evaluation plan in the next reporting period.

As mentioned above, CLD's CA was amended to extend the termination date to April 1995. The program description for this extension includes the components of the original CA and two additional components: (1) strengthening of judges' management skills; and (2) promoting methods for reducing the number of cases processed by the courts;

#### 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

An informal evaluation of the project was carried out by the Mission during this reporting period in order to proceed with the extension of the PACD until April 1995. The evaluation showed that all major outputs had been achieved both under the LSGA with the Government and under CLD's CA. The last audit was performed in May 1994.

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

1. Issue: The PACD of the project will be reached twelve months after the end of this reporting period. Nevertheless, the Mission has not formally decided what its plans are to continue with its Rule of Law portfolio.

Corrective Action: USAID's General Development Office and Program and Project Development Office will initiate a process that will lead to a Mission decision on this issue.

#### X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Delivery of CLD's Workplan for the implementation of its amended CA.
2. Donors Meeting at which the Action Plan for the Justice Sector will be presented and discussed.
3. Extension of LSGA.
4. Contracting for studies on case backlog and case processing time.

(E:AGDO0105)

## SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE 4:

"Promote the sustainable use of natural resources, the conservation of biological diversity, and the control of pollution"

October 1, 1994 - March 31, 1994

### 1. Summary Assessment of Overall Performance of the Strategic Objective Portfolio

The mission's projects and programs designed to achieve the three Program Outcomes: (1) Improved Environmental Policies and Implementation, (2) Improved Management of Natural Resource and Biodiversity Activities in Selected Areas, and (3) Improved Practices for Pollution Control and Urban Environmental Management in Selected Areas continue to perform well.

Projects contributing to the SO include: Sustainable Uses for Biological Resources (SUBIR-0069), Shelter Sector Technical Assistance (SHELTER-0076), Environmental Education and Technology Transfer (OIKOS-0117), the Charles Darwin Foundation (GALAPAGOS-0107), Agricultural Sector Reorientation (ASRP:IDEA-0051), Agricultural Education II (WPF-0082), the new PL480 Title II CARE/FISE/NGO Support Fund, and several USAID/W funded projects including Cooperative Agreement with the World Resources Institute's Center for International Development and Environment (WRI-5517), Environmental Pollution Prevention (EP3-5559), Environmental Education and Communication (GREENCOM-5839), Parks in Peril (PIP-0782), Sustainable Agricultural and Natural Resource Management (SANREM CRSP-4198), Environmental Management Systems (EMS-0605), Environment and Natural Resource Policy and Training (EPAT-5555), and LACTECH (0807).

(PO 1) A final draft of the national environmental action plan, fully negotiated across all sectors, including private and public sector organizations, was completed and widely disseminated by the Presidential Environmental Advisory Commission (CAAM) prior to the Second National Environmental Congress, to be held April 25-28. Bridging activities into Phase II of the SUBIR project have been undertaken, based upon the project's June evaluation and subsequent design, which emphasizes an increased focus upon policy issues, a concentration of resources upon fewer activities and geographic regions, and a more simplified project management contract. During Phase II, CARE will concentrate upon the Cotacachi-Cayapas Ecological Reserve (RECC), and TNC upon the Cayambe-Coca Ecological Reserve (RECA). The CAAM Limited Scope Grant Agreement will be extended and activities concentrated upon consolidation of the Environmental Action Plan's key recommendations regarding the Environmental Trust Fund and Oil Clean-up Trust Fund, the new Natural Resources Law, the standardization of environmental impact assessment methodologies, and improved pesticide management policies and practices.

Passage of the new Producer Association Law on November 17, 1994, conceived and promoted under the ASRP/IDEA sub-project agreement, legally enables commodity producer associations to earmark a fraction of a percent of their sales to support research, extension and marketing activities. The new law is expected to have a profoundly positive effect upon rural economic growth, thereby reducing socio-economic pressure upon Ecuador's national parks and ecological reserves. SUBIR Phase II policy activities continue to focus upon the definition and resolution of long-disputed individual and community property rights in the buffer zones surrounding both the RECC and RECA, in coordination with the Presidential Secretariat for Indigenous Affairs. Resolution of this issue is essential to the successful implementation of sustainable natural resource management plans, the development of non-forest microenterprises, and

the definition of long term financing sources (e.g. the Quito Municipal Water Authority) for sustaining the effective management of the reserves.

(PO 2) Two separate draft laws are under consideration by congressional committees to address critical issues confronting the Galápagos Islands, and the national park and marine reserves located on the islands. One of the laws, supported by the CAAM, the Fundación Natura, and the country's largest environmental NGO confederation - CEDENMA - promotes the participation of island residents in the development of sustainable resource management policies and practices, in addition to the multitude of official entities. The development and increased application of standardized environmental impact assessment and biological monitoring methodologies by the CAAM should strengthen efforts to protect Ecuador's unique biodiversity.

(PO 3) Through agreements signed with the Municipality of Quito, the Ecuadorian-American Chamber of Commerce, and pending agreements with the Chamber of Industries and Association of Municipalities, the OIKOS Foundation expects to substantially increase the range and impact of its activities to promote the adoption of pollution prevention technologies and programs. An agreement with the Ministry of Education has enabled the Foundation to formally introduce environmental and pollution prevention awareness units into the standard curriculum of public schools.

### 2. Significant Sector Developments and Issues having Positive Impact/Deterrence on Project Contributions to the SO

(PO 1) The Global Environmental Facility (GEF) of the World Bank approved an \$8.2 million project in June, 1994 to protect biodiversity by improving conservation administrative capability in Ecuador, through the National Forestry and Parks Agency (INEFAN - the GOE counterpart to the SUBIR project). The mission had expected that several of the Phase II SUBIR activities would be increasingly assumed by the GEF facility during the next three years, thus facilitating the "graduation" of SUBIR Phase III to GEF-World Bank funding by 1998. However, the disbursement of funds has been severely delayed, reportedly due to the lack of GOE counterpart funding caused by the border conflict with Peru. Intense mission efforts have enabled the designation of several GEF activities to the SUBIR NGO's operating in the RECC zone, but disbursement of additional funding appears to be problematic.

(PO 2) The Agency's donation of \$3 million of PL480 Title II wheat through CARE International has been monetized and disbursements begun through the CARE-GOE Emergency Social Investment (FISE) Fund to promote and support productive and environmental projects submitted by NGOs and PVOs from Ecuador's poorest rural and peri-urban regions. Several SUBIR projects which directly address improved natural resource management and microenterprise development in the RECC buffer zone have been approved, including a \$250,000 community sisal paper production operation. The Dutch government development agency is currently considering an additional \$5 million donation into the CARE/FISE/NGO Fund based upon the initial success of the USAID program.

(PO 3) Based upon the extraordinary success of the OIKOS Foundation in establishing

viable and effective pollution prevention programs among several of Ecuador's leading industries and municipalities, the program will be expanded and their cooperative agreement extended through June of 1995. In spite of the general economic downturn following the border conflict with Peru (commercial interest rates soared to over 160 percent), an increasing number of industries have undertaken environmental "audits" to quantify the cost reductions they may achieve by adopting pollution preventing technologies. Simultaneously, the Foundation has joined with the CAAM to promote public awareness and the adoption of a new environmental-natural resources law through a campaign to sell the concept "We Protect What We Value". Implementation of the communication strategy, developed in coordination with the Global Bureau's GreenCom project, has been adopted and fully funded (pro-bono) by local media firms.

### 3. Monitoring of Strategic Objective Indicators

An M&E specialist, contracted as part of the Phase II design team, has developed a comprehensive (albeit simplified) M&E design for the second phase of the project. The new system (based upon recently finalized Phase II expected results) will require the modification of the mission's current SO 4 indicators for Program Outcomes 1 and 2. Project implementation matrices to track expected results (outcomes) are utilized by mission personnel to monitor project achievements in bi-weekly meetings.

### 4. Recent Developments in Policy Dialogue Related to SO

(PO 1) The original USAID-funded edition of Dr. Douglas Southgate and Dr. Morris Whitaker's "Economic Progress and the Environment: One Country's Policy Crisis", Oxford University Press, 1994, linking empirically demonstrated rural economic growth and market concepts to environmental protection has been translated and widely distributed among Ecuadorian policy makers, environmental organizations and educational institutions. A multi-disciplinary team headed by Dr. Southgate recently completed the final draft of an urban environmental industrial assessment.

In preparation for the Summit of the Americas, the mission coordinated the Hemispheric pre-Summit consultation on environmental issues in Quito.

(PO 2) In coordination with the UNDP, the IDEA Foundation completed an analysis of the Ecuadorian experience for presentation at the U.N. World Conference on Sustainable Natural Resource Management in April.

(PO 3) The Controller General approved the use of a new modern accounting system for urban service providers. The former accounting system did not allow these authorities to realize programs of cost recovery. In implementing the new system, municipal service authorities will be able to improve their financial stability, thereby improving the quality and coverage of their services.

### 5. Review of Issues and Status of Actions from the last SAR

(PO 1) The Second National Environmental Congress is scheduled for April 25-28; over 750 delegates plan to attend the Congress, which is jointly sponsored by the CAAM and CEDENMA - the Ecuadorian Committee for the Defense of the Environment and Natural Resources. The event is being coordinated by the Quito Chapter of the Nature

Foundation. Three Ph.D. participants have begun their programs in environmental or natural resource economics at Cornell, Utah State and New Mexico State universities. A mission-funded compendium of Ecuadorian natural resource and environmental legislation was completed by Dr. Efraim Perez and widely distributed through the IDEA Foundation.

(PO 2) An MOU has been signed between CARE, USAID/E, and the SANREM CRSP implementing institutions to undertake sustainable natural resource management research activities in the SUBIR project areas. It is expected that up to \$430,000 of Global Bureau funding will be assigned to this program in Ecuador in early April.

(PO 3) The first draft of an Urban Environmental/Health Assessment was completed that examined the status of brown issues in Ecuador, focussing on the Municipalities of Guayaquil, Quito, and Machala. The assessment reviews the current policy constraints in the sector and recommends alternatives to improve the urban environment, particularly in reference to potable water and sewage, solid waste management, and air and industrial contamination.

### 6. Major Actions for the Next Six Months

(PO 1) The Limited Scope Grant Agreement with the CAAM will be extended and expanded to support the implementation of five key elements described in the national Environmental Action Plan, the Natural Resources Law, an Environmental and Oil Clean-up Trust Funds, the standardization of an environmental impact assessment methodology, and improved pesticide management policies and practices.

(PO 2) An Amendment to the SUBIR Project Paper will be finalized, and an authorization for the extension of all project activities through September, 1998 requested. An amendment to CARE's existing CA will delineate Phase II activities and expected results, and a similar CA with TNC will be completed.

(PO 3) Technical assistance provided to the Municipality of Machala resulted in a very successful pilot project to collect solid wastes using one person tricycle carts. This project has led to enormous savings for municipal investment in garbage collection and disposal. Previously, 70 percent of the costs of garbage collection were provided by the Municipality. The technical assistance has enabled the Municipality to reduce their contribution from city revenue to 15 percent of the cost of garbage collection. Households in the pilot area have been motivated to work to help keep the neighborhoods clean. Previously, garbage was collected daily, and the city was always littered. Now, garbage is collected three times a week, but under the new system, the city is noticeably cleaner. Representatives from the CAAM have met with RHUDO regarding the lessons learned from Machala and the possibilities of extending this assistance to other cities. RHUDO has prepared a submission for the Environmental Initiative for the Americas to work in two additional municipalities.

(F:ISAROVERSO4)

**PROJECT STATUS REPORT**  
**October 1, 1994 - March 31, 1995**

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**I. BACKGROUND DATA**

<b>Project Title:</b>	Sustainable Uses for Biological Resources (SUBIR)	
<b>Project Number:</b>	518-0069	
<b>Date of Authorization:</b>	original 08-14-91	last amendment 00-00-00
<b>Date of Obligation:</b>	original 08-30-91	last amendment 07-29-94
<b>PACD:</b>	original 09-30-98	
<b>Implementing Agencies:</b>	National Forestry and Parks Agency (INEFAN) Institute of Agricultural Strategies (IDEA) World Resources Institute (WRI) University of Georgia (SANREM CRSP) Presidential Env. Advisory Commission (CAAM)	
<b>Major Grantees:</b>	CARE Intl; The Nature Conservancy, Wildlife Conservation Society, Presidential Advisory Environmental Commission (CAAM)	
<b>AID Project Officer:</b>	Kenneth B. Wiegand, Fausto Maldonado	
<b>Status of CP's/Covenants:</b>	100 % met	
<b>Date of Last Evaluation:</b>	05-29-94	Next evaluation: 09-30-97
<b>Date of Last Audit:</b>	09-30-93	Next Audit: 01-30-95
<b>Planned number of yearly non-federal audits of recipients for which the mission will be responsible under the Audit Management and Resolution Program:</b>	1	Number of such audits contracted for/completed during the reporting period: 1

**FINANCIAL DATA**

<b>Amount Authorized:</b>	DA Grant: original	\$9,000,000
<b>Amount Obligated:</b>	DA Grant: original	\$2,986,053
<b>Current FY Obligated:</b>		\$ 47,670
<b>Amount Committed:</b>	Period	\$ 280,170
	IDEA	\$ -0-
	CARE	\$ 47,670
	JCC Advisor	\$ -0-
	CAAM	\$ 232,500
	Cumulative:	\$6,219,368
	IDEA	\$ 286,300
	CARE	\$5,573,054
	JCC Advisor	\$ 128,014
	CAAM	\$ 232,000
<b>Accrued Expenditures:</b>	Period-Projected:	\$ 600,000
	Period-Actual:	\$1,173,593
	IDEA	\$ -0-
	CARE	\$1,127,040
	JCC Advisor	\$ -0-
	CAAM	\$ 46,553
	Cumulative:	\$5,375,451
	IDEA	\$ 153,160
	CARE	\$5,069,495
	JCC Advisor	\$ 106,243
	CAAM	\$ 46,553
	Period-Next:	\$ 600,000
<b>Counterpart Contribution:</b>	Planned:	\$1,215,800
	Actual: CARE	\$ 639,000
	INEFAN	\$ 350,000
	CAAM	\$ 100,000
<b>% LOP Elapsed:</b>		51%
<b>% of Total Auth. Obligated:</b>		70%
<b>% of Total Oblig. Expended:</b>		87%
<b>% of Total Auth. Expended:</b>		60%

11. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED				
	PERIOD		NEXT PERIOD		PERIOD		CUM		% OF LOP
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	PERIOD	CUM	
1. Community Organizations Implementing SUBIR-Promoted Activities	150	25	33	0	0	47	31		
2. Ecuadorian NGOs Implementing SUBIR Activities	20	10	28	0	0	35	175		
3. Government Organizations Implementing SUBIR Activities	8	3	5	0	0	12	112		
4. Park Management Plans Implemented	6	0	3	0	0	5	83		
5. Community-Based Ecotourism Programs Developed	12	2	9	0	2	10	83		
6. Land-Use Models in Community Forestry, Agriculture, and Biological Resources Extraction Developed	27	26	29	0	0	17	63		
7. Demonstration Plots Established in Buffer Zones	90	72	82	0	36	134	150		
8. Community Tree Nurseries Producing Seedlings	150	11	28	0	0	12	8		
9. Hectares of Buffer Zone Lands Treated with SUBIR-Promoted Technology	12,000	550	570	0	50	670	6		

	PLANNED				ACCOMPLISHED							
	PERIOD		NEXT PERIOD		PERIOD		CUM		% OF LOP			
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	PERIOD	CUM				
10. Training (persons)	M & F	M	F	M	F	M	F	M	F	M & F		
a. Professionals trained in applied research methods	200	30	20	53	23	0	0	50	26	107	49	78
b. Community organization leaders trained in planning/accounting	100	40	80	60	90	0	0	20	40	81	70	151
c. Members of Ecuador's armed forces trained in environmental sciences	800	400	600	0	200	400	50					
d. Reserve guards & community extension agents trained (continuous)	100	50	15	120	30	0	0	50	15	178	16	194

	PLANNED				ACCOMPLISHED							
	PERIOD		NEXT PERIOD		PERIOD		CUM		% OF LOP			
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	PERIOD	CUM				
10. Training (persons-cont.)	M & F	M	F	M	F	M	F	M	F	M & F		
e. Participants receiving training in land use technologies	2000	100	50	170	80	0	0	360	205	530	275	40
f. Community workshops or seminars held in each of the six areas	30	100	150	0	100	150	500					

CAAM Activities<sup>1</sup>:

	PLANNED				ACCOMPLISHED					
	PERIOD		NEXT PERIOD		PERIOD		CUM		% OF LOP	
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	PERIOD	CUM		
11. Development of National Environmental Action Plan (EAP)										
a. Three environmental strategies implemented	3	3	3	0	3	3	100			
b. Four environmental programs implemented	4	2	2	0	4	4	100			
c. Eight regional seminars on Environmental Action Plan	8	6	6	0	8	8	100			
d. Establish training system for env. impact assessments	1	1	1	0	1	1	100			
e. Establish National Trust Fund for Environment	1	0	0	1	0	0	0			
12. Second National Environmental Congress <sup>1</sup>										
a. Convene Second National Environmental Congress	1	1	1	0	1	1	100			
b. Analyze and prioritize GOE environmental policies	1	1	1	0	1	1	100			
c. Assess civil society's role and relationship with the state regarding environment	1	0	0	1	0	0	0			
d. Promote implementation of EAP recommendations	1	0	0	1	0	0	0			

CAAM Activities<sup>1</sup>:

	PLANNED			ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	
13. Community Participation in the Development of EAP <sup>1</sup>							
a. Complete studies to describe dissemination of information with civilian participation	5	2	2	2	3	3	60
b. Complete three educational campaigns describing EAP	3	2	2	1	2	2	67
14. Support for Resolution of the "Taura Syndrome" <sup>1</sup>							
a. Establish mechanism among public agencies at national, regional and local levels, private sector, & research entities, to coordinate efforts and resources	1	1	1	0	1	1	100
b. Establish information reporting system for the Gulf of Guayaquil to monitor affected areas	1	1	1	0	1	1	100
c. Establish a professional & institutional strengthening training program to provide support to institutions and individuals	1	1	1	0	1	1	100
d. Establish policies, strategies, and regulations to improve environmental and pollution management	1	1	1	0	1	1	100
15. Institutional Development <sup>1</sup>							
a. Establish CAAM as a functioning entity	1	1	1	0	1	1	100
16. International Travel <sup>1</sup>							
a. Improve international image of Ecuador regarding environmental matters (trips)	4	3	3	1	3	3	75
b. Implement the EAP by means of various sources	1	0	0	1	0	0	0

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

- c. Firmly establish relationships with U.S. environmental community

	1	0	0	1	0	0	0
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<sup>1</sup> Added to SUBIR outputs under Limited Scope Grant Agreement with CAAM on 9/21/94. Due to the downsizing and increased focus of SUBIR Phase II, Major Outputs will be modified to reflect these changes on the next Semi-Annual Project Status Report.

### 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 project supports Strategic Objective 4 (SO 4): "Promote the sustainable use of natural resources, the conservation of biological diversity, and the control of pollution."

The project relates directly to the Agency's and LAC's environmental goals of reducing long-term threats to biodiversity by achieving two of the SO 4 program outcomes: "improved environmental policies" and "improved management of natural resource and biodiversity activities."

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 and specific policy reform initiatives 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) that national level policy reforms can be coordinated with field activities to obtain the desired change of behavior from resource mining to resource management; (3) that economically attractive and socio-culturally acceptable natural resource models can be developed, field tested and adopted; and, (4) that 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 continues to make progress in gathering important baseline data for SO 4 and meeting objectives in park and protected area management. However, the project paper amendment for Phase II will add policies (as a complement to sustainable resource management models) to the purpose statement.

#### VI. PROGRESS DURING REPORTING PERIOD

##### CARE, TNC and WCI Project Elements

CARE and TNC have submitted their drafts for implementing the Phase II design, which has been incorporated into a Project Paper Amendment. Separate Cooperative Agreements have been prepared for Phase II, splitting project implementation between CARE (the RECC area) and TNC (the RECAV area). During the interim, CARE has been executing the "bridging activities" recommended in the project evaluation and in the proposed design for Phase II. These include closing the CARE project offices in Coca (PNY) and Baeza (RECAV), continuation of bridging Phase I community activities, bridging technical assistance, and continued support for EcoCiencia, CEDENMA and Jatun Sacha foundations. The TNC draft includes the implementation of mechanisms to obtain on-going financial support for the RECAV area in coordination with the Quito Municipal Water Authority (EMAP); the RECAV serves as Quito's water source and the collection of a nominal annual fee (less than \$2 per user) by EMAP and its designation for RECAV area management activities would fully-fund the current project budget.

CARE has assumed full responsibility for the policy analyses, and its Policy Component has made substantial progress in resolving land ownership conflicts in the RECC area by incorporating the newly trained paralegals and the Presidential Sub-Secretariat for Indigenous Affairs into the process.

A monitoring and evaluation specialist has been contracted to complete the design of M&E program for Phase II, and a project planning workshop with 18 national and international partners was held to complete the 18 month work plan for CARE/SUBIR. A Memorandum of Understanding with INEFAN for Phase II has been signed by CARE and TNC, and a joint coordinative workshop with INEFAN, CARE, the GEF and USAID/E was completed in order to focus Phase II activities and avoid duplications in funding with both INEFAN and the GEF.

In preparation for Phase II, CARE has proceeded to develop draft MOUs with several partners, including USAID's centrally funded GREENCOM and SANREM CRSP projects, and with the Wildlife Conservation Society, an original partner of SUBIR Phase I. Three Ecuadorian students, including one woman, have begun their Ph.D. programs in natural resource economics the U.S. at Cornell, New Mexico State and Utah State Universities, under the temporary management of CARE/Atlanta. As a cost-savings measure, the fourth Ph.D. position was eliminated by USAID/E.

##### CAAM Project Elements

Almost all of the activities scheduled under the CAAM Limited Scope Grant Agreement have been completed. A final draft of the national Environmental Action Plan (EAP) has been widely negotiated and copies distributed prior to the Second National Environmental Congress, which will be held April 25-28. Over 750 delegates plan to attend the Congress, which is jointly sponsored by the CAAM and CEDENMA - the Ecuadorian Committee for the Defense of the Environment and Natural Resources. The

event is being coordinated by the Quito Chapter of the Nature Foundation.

A series of seminars and workshops have been completed by the CAAM to establish a standard environmental impact assessment methodology prior to initiating a national training and certification program for technicians and consulting firms involved in the increasing requirements for EIA's. In close coordination with public and private sector organizations, the CAAM organized a joint review mechanism to address the Taura Syndrome (which causes high mortality of shrimp larvae) and pollution prevention policies for the Guayas River basin, and to initiate a series of improved pesticide management courses in the affected areas.

The CAAM has played a key role in obtaining Ministry of Education approval to formally incorporate environmental protection and pollution prevention units into the elementary, high school and university curriculums, in coordination with the USAID-funded OIKOS Foundation. On-going CAAM activities include the drafting of regulatory language for the Environmental Trust Fund, a new Natural Resources Law, the establishment of an Oil Clean-up Trust Fund, and the drafting of improved pesticide management policies and practices, as well as new legislation to better protect the Galápagos Park and Marine Reserve, through the active participation of the Island's residents.

#### VII. GENDER CONSIDERATIONS

SUBIR has integrated aspects of gender, ethnicity, and age of participants in all aspects of project implementation, including: desegregating (DGEA) 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 Monitoring and Evaluation (M&E) Plan. Data is currently being collected for program planning. Eight of the next sixteen participants chosen for the Para-Legal training program are women from indigenous communities. Fifty-one Chachi women have been trained in quality control and design of handicraft products, and a gender analysis of the cabuya paper processing micro-enterprise to be established in the RECC buffer zone community of Cuellaje is near completion.

#### VIII. EVALUATIONS AND AUDITS

During 1994, CARE conducted financial audits of four of the national NGOs which held contractual agreements under Phase I: FIPAD, FUNDEAL, CEOP and FECUNAE were audited by the ADICO Consulting Firm. Audits are now underway for the three major Phase I sub-contracting NGOs: EcoCiencia, CCD and Jatun Sacha. An institutional strengthening study was conducted by Deloitte and Touche for the EcoCiencia and Jatun Sacha foundations, and the results and recommendations incorporated into the foundations' strengthening plans for Phase II.

Based upon the projected extension of the project authorization for all Phase II activities through September 30, 1998, a final evaluation has been scheduled for lat FY 97 to provide guidance in preparation for the follow-on Environmental Support Project (598-0780).

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

1. Issue: In order to implement the Ph.D. training program on schedule, CARE assumed (through their Atlanta office) the management of the participants. However, the

arrangement is temporary, and an alternative arrangement has been recommended wherein either a U.S. firm or USAID/E (through OIT) assumes the responsibility.

Proposed Corrective Action: The mission will analyze the alternatives which have been proposed, especially the cost of assuming the maintenance activities associated with the completion of the participant's programs (i.e. the selection, evaluation and placement activities have been completed).

X. MAJOR ACTIVITIES PLANNED FOR THE NEXT SEMESTER

1. Complete new Cooperative Agreements with CARE and the Nature Conservancy to begin SUBIR Phase II activities, complete a new MOU with the SANREM CRSP to focus activities upon the SUBIR project areas, and extend the Limited Scope Grant Agreement with the CAAM to support selected EAP activities.
2. Assist INEFAN in accelerating the disbursement of the GEF financed Biological Diversity Project to ensure close coordination with SUBIR activities.

(F:\SAR\ANR0069)

**PROJECT STATUS REPORT**  
**October 1, 1994 - March 30, 1995**

A \_\_\_ B X C \_\_\_

**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  
Total Expenditure: \$293,328 (accumulated)  
In-kind Contrib.: \$136,500

**Project Officer:** Bruce Kernan, REA/SA

**Grantee:** The Charles Darwin Foundation

**LOP:** 30 September 1991 - 30 March 1995

**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.

**MISSION INVOLVEMENT:**

During the reporting period, ANRO has closely monitored the implementation of the project. Through weekly meetings with the Secretary of the Darwin Foundation and through bi-monthly trips to the Galápagos. O/CONT has met several times with the accounting office of the Darwin Foundation in order to review the completion of audit requirements and the functioning of the new accounting system. The Secretary has also met on several occasions with the Directors and the Chief of ANRO of USAID/Ecuador.

**STRATEGIC OBJECTIVE 4 INDICATORS:**

- Change in abundance and distribution of species in and around selected protected areas.

**STRATEGIC OBJECTIVE 4 PROGRAM OUTCOME:**

- Improved management of natural resource and biodiversity activities in selected areas.

**MAJOR ACCOMPLISHMENTS TO DATE:**

**Plant & Animal Conservation**

- Five scientific and technical specialists in the fields of ecology, botany, forestry, herpetology, and biology planned and carried out research activities on the extent and effect of exotic species within and adjacent to the national park.
- A proposal was prepared for the establishment of a system of inspection and quarantine for the Galápagos and discussed with local authorities and interested people from the Galápagos and regional and national authorities in Guayaquil.
- Fifteen hectares on Santiago Island were fenced thus providing protection to close to 50 percent of all the endemic species on the island from feeding and trampling by goats. Periodic evaluations have been carried out on the protected vegetation.
- An enclosed area was established on Cristóbal Island to protect the species *Caliandra galapagosa*, which is endemic.
- An evaluation of the endangered plants on the Island of Floreana was completed.
- An evaluation of the extent and impact of the introduced species *Cinchona succirubra* on the island of Santa Cruz was completed.
- Between 1991-93 seven thousand plants of seven different species were produced.

Two thousand were used for experimental plantings on ten different farms. The remainder were distributed to another 26 farms. Training in agroforestry was given to over 78 farmers on Santa Cruz Island.

- A data base was established for the herbaria at the Charles Darwin Station including 7,000 specimens.
- Preliminary design of an agroforestry program for the islands of Isabela and San Cristóbal were completed. These programs will be financed during 1995-6 by the UNDP.
- Two hundred plants were given to the project "Native Gardens" in Puerto Ayora.
- The ecological effects of the 1994 fire on Isabela Island were evaluated.
- Research was carried out on the status of the *Opuntia* populations on the islands of Santa Cruz and Santiago that are threatened by goats and donkeys.

#### Human Impact on Biological Diversity

- A proposal for the establishment of a geographic information system for the Galápagos was prepared and distributed to relevant national and international agencies.
- Research on biological diversity was carried out on approximately 100 small and large islands. The results of this research have been published in various scientific journals.
- Research was carried out on the status of *Opuntia* communities on Plaza Island that have apparently been affected by the exotic rat *Mus musculus*.
- Research was carried out on the effect of introduced cats on populations of lava lizards.

#### Education & Information

- A specialist contractor supervised a diverse program of environmental interpretation in collaboration with the environmental interpretation permanent staff of the Darwin Station. Both specialists acted as institutional counterparts for the Spanish funded project for the construction of three Nature interpretation centers for the Galápagos.
- Seven publications were prepared, printed, and widely distributed: "Research and Management of Galápagos Plants", "A System of Inspection and Quarantine for the Galápagos", Biostatistics Manual for the Galápagos, the Spanish version of the Galápagos Notes #52, 53, 54, and "Galápagos for Children".
- The Manual for Forest Tree Nurseries was prepared, printed and distributed.
- The articles "State of Threatened Species" and "The Dynamics of the Formation of *Miconia robinsoniana*" were published.
- The following articles are in various stages of preparation for publication: "Bibliography of the Island Regions" (more than 7700 citations); "The Natural History of the Galápagos"; "30 Years of Meteorological Data of the Darwin Station"; "Biodiversidad in the Galápagos"; and "Limiting Introduction of Exotic

Plants to the Galápagos".

- Three pamphlets were published and distributed: "The Plants of the Galápagos: Endangered Inheritance"; "Plagued Islands or Enchanted Islands"; and "Marine Environments of the Galápagos".
- A design for a logo for stickers for the quarantine program was prepared.
- Four employees of the Galápagos National Park and of the Darwin Station attended training in natural area management at the University of Colorado.
- One employee of the Darwin Station attended a training course in natural areas management in Costa Rica.
- Four Ecuadorian students received scholarships in order to allow them to complete their thesis on endemic and introduced plants, the population of goats on Alcedo volcano, and the masked boobies.
- Eight scholarships were given to Ecuadorian students to allow them to participate in the programs of quarantine, agroforestry, study and control of introduced plants, marine biology and environmental education.
- Graphic documentation was prepared about the eruption of the Fernandina volcano.
- Support was provided to three Galápagos guide courses that trained a total of 110 guides.
- Panels containing information about the quarantine system were installed in the airports of Quito, Guayaquil, Baltra and San Cristóbal.
- The GREENCOM project provided technical advice to the Darwin Station and the Ministry of Agriculture for preparing a strategy for communication for the quarantine program.
- Terms of Reference were prepared for the preparation of a management plan for the urban lakes of Puerto Villamil.

#### Monitoring

- An agreement was signed with the National Polytechnic Institute for the construction and installation of three seismographs in the Galápagos by the Geophysics Institute.
- Three seismographs were constructed. The telemetric network was tested in mainland Ecuador.
- Equipment was purchased for the ocean-atmospheric program.
- Assistance was provided to the United States Geological Survey for the installation of a deep water seismograph off the island of Santa Cruz.

#### Marine Resources

- Two scientifics and one technician were contracted and they began a program of marine investigation at the Darwin Station.

- Research was carried on: the reproductive biology of the sea cucumber; the biodiversity of benthic communities; the impact of submarine tourism; the impacts of collecting endemic populations of chitons.
- A program for environmental education in marine and coastal resources was designed.
- The technical report "Evaluation of the Feasibility of a Commercial Sport Fishing Industry in the Marine Reserve of the Galápagos" was prepared.

#### Administrative Support

- A new financial control system was designed, tested and established for the Darwin Foundation and the Darwin Station.
- Equipment such as computers, copy machine, outboard motors, motorcycles, and laboratory equipment was purchased.

#### Support Staff

- Technical assistants were contracted for the following areas: endemic species research; environmental education; scientific illustrator; environmental monitoring; and the herbarium.
- Part of the salaries of nine administrative staff of the Darwin Station and the Darwin Foundation were paid.
- Projects were written up and presented to a variety of financing organizations. The following organizations have begun to provide financing: the European Union (strengthening of the Darwin Foundation); the UNDP (Agroforestry, sea cucumbers, protection of Scalesia, and environmental interpretation); the Zoological Society of Frankfurt (Environmental education).
- Price Waterhouse prepared the audit for the year 1994.

#### CURRENT STATUS, INCLUDING MAJOR ISSUES:

- The programs for quarantine and for a Galápagos geographic information system, both prepared with USAID financing, lack financing for their implementation.
- The Darwin Foundation lacks reliable financing for its core operating costs.
- The local image of the Darwin Station has deteriorated due to conflicts over the collection of sea cucumbers.
- The size, direction, and sources of funding for future USAID financing for conservation activities in the Galápagos need to be determined.
- The possibility of using PL-480 and CARE/FISE sources of financing for promoting conservation in the Galápagos needs to be explored and a definite course of action determined.

(F:SARANR0107)

PROJECT STATUS REPORT

October 1, 1994 - March 31, 1995

A X B \_\_\_ C \_\_\_

**Project Name:** Environmental Education and Technology Transfer  
(EDUCAR)

**Project Number:** 518-0117

**Project Funding:** 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: US\$670,000  
Total Obligated Amt: US\$670,000  
Total Expenditures: US\$453,176  
Counterpart Contr.: US\$192,500

**Project Officer:** Fausto Maldonado, ANRO  
María Augusta Fernández, RHUDO

**Grantee:** The OIKOS Foundation

**LOP:** September 24, 1993 - September 30, 1995

**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 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 provided funds for only one year. OIKOS submitted an Annual Work Plan which was approved by the Mission. Project implementation has been closely monitored by USAID/Ecuador through bi-weekly meetings with OIKOS officers and by submittal of quarterly progress reports and work plans. The Agriculture and Natural Resources Office (ANRO) coordinates with the Regional Housing and Urban Development office (RHUDO), regarding OIKOS activities implemented under the Environmental Pollution Prevention Project (EP3). In August 1994, an agreement was also signed with the GreenCom Project.

STRATEGIC OBJECTIVE 4 INDICATORS

- Strategic Objective Indicator 1: Completion and implementation of Environmental Action Plan
- Strategic Objective Indicator 3: Models for different industries developed and adopted by demonstration enterprises.

STRATEGIC OBJECTIVE 4 PROGRAM OUTCOMES

- Program Outcome 1: Improved environmental policies and implementation.
- Program Outcome 3: Improved practices for pollution prevention.

MAJOR ACCOMPLISHMENTS TO DATE

Project implementation began in September 1993. Grant Agreement conditions precedent were rapidly fulfilled and an overhead rate was approved by USAID/Ecuador. The Project was amended to extend the PACD to September 30, 1995 and funding was increased by \$370,000.

## 1. ENVIRONMENTAL TECHNOLOGY

### A. Activities for Industrial Technology Transfer

(1) Agreements were signed with the Quito Municipality and the Environmental Advisory Commission (CAAM) to implement an industrial pollution prevention program in Quito with the Ecuadorian-American Chamber of Commerce, for joint work in pollution prevention with private sector participation and with the Ecuadorian Commission of Capital Goods and Equipment (CEBCA), to include the environmental component in the technological disaggregation of different projects in Ecuador.

(2) A two-day seminar was held in Cuenca on technological alternatives for the leather industry, with the collaboration of CAAM and the Cuenca Chamber of Industries. Expert technical assistance was obtained from the EP3 Project for this seminar and representatives of 24 industries from all over the country attended.

Based on the experience obtained from "in situ" advisory and with the assistance of an International Executive Service Corp (IESC) specialist, a seminar was held on steel production processes among steel plant operators. Audience included representatives of steel industries, from the Quito Municipality and university students.

An initial meeting was held with the Environmental Unit of the Guayaquil Municipality to establish cooperative mechanisms in the area of environmental management for industries.

With the assistance of the E2P3 Project (Ecuadorian Branch of the EP3 Project), several seminars were completed on the following subjects: Pollution Prevention in Industrial Operations and Pollution Prevention in Painting Industries. Managers and technicians of 20 industries attended these lectures. A seminar on Saving Energy in the Industry and Pollution Prevention in the Paper Industry, was attended by 55 persons, 80% from industries.

### B. Technical assistance in Environmental industrial technologies

(1) The first environmental pre-diagnostic assessment was performed in Galvano-Ecuadoriana industry, with technical staff from OIKOS.

(2) A pre-diagnostic assessment and full assessment on environmental industrial pollution were completed in four steel industries (NOVACERO, ACEROPAXI, IPAC and FUNASA), with the assistance of an expert from IESC, who also completed the full assessment in GALVANO ECUATORIANA.

3) E2P3 has completed pre-diagnostic assessments for three tanneries in Ambato (Curtiembre San José, Tenería Cumandá and Curtiduría Suárez). Formal contacts have been established with three other industries for pre-assessments (COENANSA, car industry in Manta; Baterías AUTOLIFE, in Quito and ELECTRODIESEL in Guayaquil).

(4) E2P3 has signed agreements with several industries where environmental pollution prevention assessments were performed (AYMESA, MARESA, EDESA, INCASA, ECUAPEL, COENANSA, CURTIEMBRE SAN JOSE AND CURTIDURIA SUAREZ). Two experts from the EP3 project provided assistance to AYMESA and MARESA; full assessments were completed and discussed with these industries.

### C. Feasibility Studies

(1) A feasibility study was completed for the recycling of banana plastic bags for plastic chips production.

(2) At the request of the Quito Municipality, a U. S. specialist was contracted to make a study on the economic viability of bioenergy production in Quito, through reutilization of organic solid residues.

### D. Environmental Technology Negotiation Rounds.

(1) An appropriate methodology has been defined for negotiation rounds; however this will require additional information. A survey on environmental industrial technology demand will be made.

(2) OIKOS started the publication of two bulletins: "Casos de Aplicaciones Tecnológicas Ambientales en el Ecuador" and "Ambiente y Tecnología". Two issues have been published of each and a third issue will be published in May. These publications have been distributed to about 1,000 institutions and individuals, many of them have expressed their interest in receiving the bulletins in the future.

## 2. ENVIRONMENTAL EDUCATION IN THE SCHOOL SYSTEM AND THROUGH MASS MEDIA

### A. Environmental Education. Curriculum Revision.

(1) A proposal for the introduction of environmental education in the general education curriculum was prepared and discussed in a seminar with members of the technical staff in the Ministry of Education, in charge of the curricular reform.

(2) Within the OIKOS-MEC Agreement, OIKOS has provided assistance on the environmental education in the curriculum. Main inputs are related to biological sciences, chemistry, physics and geography. OIKOS makes part of the curriculum review team coordinated by the Universidad Andina.

### B. Vocational Schools.

(1) An agreement was signed with the Implementing unit of the MOE-IDB Project on Vocational Education, to develop an Environmental Education Program in 10 Vocational schools in Pichincha. The program will be extended to 1,000 schools next year.

An initial document has been prepared to include environmental education specifically oriented to agricultural schools.

### C. Pre-school Education.

(1) A guidebook of environmental education has been prepared for school teachers (age 5 - 6 years).

### D. Production of Teaching Materials

(1) Suggested activities work sheets for school children were redesigned and will be printed soon.

**E. Mass Media Communication**

(1) Several press releases and bulletins were published with reference to OIKOS activities.

(2) The five TV spots announced in the previous SAR are being broadcast.

**3. Institutional Development**

(1) A workshop was held to define principles of planning, the financial plan and general OIKOS policies.

(2) Monthly seminars have been provided to OIKOS staff for training and orientation.

(3) Several administration manuals have been prepared like the general regulations manual, administrative/financial management procedures, etc.

(4) OIKOS has prepared several project proposals which have been submitted to international donors, embassies of other countries and local funding sources.

(5) A proposal for an OIKOS Endowment has also been prepared and it is currently being analyzed by OIKOS Board of Directors for approval.

**CURRENT STATUS INCLUDING MAJOR ISSUES**

The EDUCAR Project is being implemented as planned. However, the border conflict with Peru delayed some of the activities or processes related to public agencies participation.

Contacts continued with the Pichincha Chamber of Industries in order to sign an agreement. The Chamber has shown interest and a signing is expected soon. However OIKOS is facing difficulties in signing an agreement with the Chambers of Industries.

(F:ISARANR0117)

PROJECT STATUS REPORT  
October 1st, 1994 - March 30, 1995

A X B \_\_\_ C \_\_\_

**Project Name:** Parks in Peril (PIP)  
**Project Number:** CA No. LAC-0782-A-00-0047-00  
**Project Funding:** P10/T No.  
Grant:  
Appropriation:  
Budget Plan Code:  
Total Estimated Amt.:  
Total Obligated Amt.:  
Counterpart Contrib.:  
**Project Officer:** Bruce Kernan, SA/REA, (ANRO)  
**Grantee:** The Nature Conservancy (TNC)-USAID/W  
**LOP:** September 30, 1990 - September 1997  
**Technical Office:** Agriculture and Natural Resources Office (ANRO)

**PROJECT PURPOSE:**

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 4 INDICATORS:**

- Change in abundance and distribution of species in and around selected protected areas.

**STRATEGIC OBJECTIVE 4 PROGRAM OUTCOMES**

- Improved management of natural resource and biodiversity activities in selected protected areas.

**MAJOR ACCOMPLISHMENTS TO DATE**

**Machalilla National Park**

- The tourism plan for park was completed.
- The office and visitor center in Puerto López have been completed.

- Infrastructure for the ranger station on the Isla de la Plata has been completed.
- Communities in the El Pital area have initiated dialogue with Park authorities to integrate community members into the Park's management.

**Podocarpus National Park**

- Fundación Arcoiris won a suit against the Ecuadorian Mining Institute thus requiring the cancellation of mining concessions within park boundaries.
- The National Institute of Forestry and Natural Areas (INEFAN) and three partner NGOs constituted the Committee for the Defense of Podocarpus.
- Fundación Arcoiris and INEFAN negotiated an agreement that led to the removal of artisanal miners from the park.

**CURRENT STATUS INCLUDING MAJOR ISSUES**

- TNC will visit Ecuador in mid-November to check progress and discuss the inclusion of additional parks in the PIP (e.g. the Galápagos Marine Reserve).
- Mission approval of the 1994 Work Plan indicated more attention should be given to resolving the legal status of land ownership in the Machalilla National Park.
- Serious conflicts regarding land ownership, colonization, and logging exist in the Loyola area of the Podocarpus National Park.
- A continuous program of monitoring by the local officials and INEFAN should be

considered to prevent another invasion of the Podocarpus NP by miners and colonists.

- The long-term financial and administrative stability of the parks has now become the focus of the project. Unnecessary operating costs will be reduced and eliminated.
- The mission has not yet received a final Work Plan for the recently included Antisana Mountain Reserve.
- The Nature Conservancy will open its Regional Office for South America in Quito, in January 1995.
- The Nature Conservancy is planning a "Technical Coordinating Meeting for NGOs" which will be held in Quito, in May 1995.

(F:ISARANR0782)